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# East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2231

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ALL EFFORTS REQUIRED TO INCREASE FINANCIAL RESOURCES

Tirana RRUGA E PARTISE in Albanian Sep 81 pp 25-34

[Article by Gjergj Rakaj: "Let Us Mobilize All the Reserves and Possibilities Which Our Economy Possesses to Increase the Financial Resources"]

[Text] The draft-directives of the Eighth Congress of the AWP for the Seventh 5-year plan for the development of the economy and of culture have correctly and clearly set the objectives to be attained in this 5-year plan period through full reliance on our human, material and financial resources. On the basis of the tasks for the development of the economy and the growth of the effectiveness of the social product, of the rational use of the national income, in particular of the funds of socialist accumulation, the overall financial revenues in 1985 as against 1980 will increase 34-36 percent, whereas the general financial expenditures will increase 33-35 percent. The broad public discussion carried out in every work and production center proved that the setting of these objectives is not only realistic, but, by relying on the many and valuable proposals made at work and production centers, the possibilities exist to surpass them.

We are drafting, we are concretizing the Seventh 5-year plan, we have started to put it into practice and we must realize the planned objectives of the plan under the conditions of the continued worsening of the factors related to the capitalist-bourgeois encirclement and blockade toward our country. Under these circumstances, the main task of our finances is to mobilize all the possibilities and to discover and to utilize all the resources of the economy in order to secure the necessary accumulation, to guarantee the uninterrupted financing of the expanded socialist reproduction, to strengthen the state and foreign currency reserves, to avoid any type of inflationary phenomenon and to further strengthen our lek. Comrade Enver Hoxha stresses that it is precisely these reasons which make it necessary to strengthen the role of finances in the economy, by making our finances more vital and more dynamic, by improving their monitoring study and control role.

Comrade Enver Hoxha's speech at the meeting of the Politburo of the party Central Committee, on 22 April 1980, opened new horizons in this field. For the execution, concretization and implementation of the directives which were issued at this meeting, a series of initiatives were undertaken to increase and improve the activity of the organisms of all the workers of the finance system, as well as for the financial education of the working masses. As a result, the one-sided and mistaken practices

and concepts, according to which the entire attention was devoted almost exclusively to the material and technical aspects of production activity, while treating the economic-financial problems lightly, as a second-hand and third-hand questions, have been dealt powerful blows. The single scientific management of the economy and of production is becoming increasingly important by viewing in its dialectical unity the material and financial aspect of every economic-production and social activity.

The finance workers and the economists, under the guidance of the party organs and basic organizations, are actively participating in the management of the economy. They are raising to a higher level their work to overcome the backwardness which is still noted in the treatment of the financial aspects, in comparison to the material and technical aspects, of production, and to raise the degree of involvement of all the workers in financial problems, by increasing the efforts so that the records, the data and the entire system of the economic-financial indicators are better utilized and can better satisfy the demands for the perfection of the scientific management of the economy. A more correct understanding and evaluation of the financial aspect is currently noted among the other workers, cadres and production specialists at the grassroots level and at headquarters. A number of enterprises are now making not only monthly economic-financial analyses, but also 10-15 daily analyses, and their quality is improving from day to day. Some schools with experience in economic-financial problems have been opened. Often, debates are organized on the theoretical and practical issues of our development. The value of these types of activities becomes evident in the growing interest of the working collectives in financial problems, in raising consciousness and increasing personal and collective responsibility for the fulfillment of the tasks in this field too, as well as in the results which, in general, are better than those which were achieved up to now.

But as the public discussion of the draft-directives showed, in order to increase the role of finances, as an important lever of the scientific management of the economy, especially under the conditions of its development through total self-reliance, the good work which has begun to be carried out in this field, must be continued. For this reason, the study work of the financial and bank organs is being intensified, oriented toward big problems such as the most complete exploitation of production capacities and of the entire existing technical-material base, the most effective use of the resources of accumulation and of production expenditures, the constant strengthening of the policy of thrift and so forth.

The number of financial workers engaged in studies is constantly growing. Studies on the technical and technological aspects of production which are carried out in the economic enterprises or in the agricultural cooperatives, in the districts or ministries, are now starting to be supplemented with studies on the economic-financial effectiveness and profitability of every investment and expense. But we are still far from the party's recommendation to carry this out everywhere, in every case and with high effectiveness. The economists and the financial workers are faced with the task, in cooperation with the other specialists and cadres, to give their opinion, with full competence, as to which technical or technological solution is more profitable for the society from the economic-financial point of view. The valuable work which was carried out during the preparation of the draft-plan of the Seventh 5-year plan period, in which, for the major problems of development complete studies were undertaken and which were further expended during the public discussion of the draft-directives, must become a permanent work method in planning as well as during the execution of the plan.

The situation under which we work, and the high rates and dimensions of the development of the country, make it more than ever necessary for us to make calculations with pencil in hand for the high effectiveness of the expenses, as the party recommends.

More is expected in this direction especially from the economists of the more important sectors of the economy, as for example from those who work in the sector of petroleum and gas, whose studies must better meet the great demands of this very important branch of our economy. The relative backwardness of the economic-financial thought as compared to the technical thought which is noted in this sector charges them with responsibilities and, simultaneously, with tasks of this branch of industry. Production at a loss on the part of some enterprises of this branch, the reserves which it possesses for the more effective utilization of the technical-material base, the failure to attain the planned parameters from the investments carried out for the production of bituminous sands and so forth, constitute concrete work and study fronts for the economists and the financial workers of this sector, by coordinating, better than heretofore, the work with the other specialists of production.

In some agricultural cooperatives in Korce, Shkoder, Lushnje, Fier districts and elsewhere, as a result of the good achievements in the fulfillment of the indicators of the economic-financial plan, relatively high accumulation funds have been created. This is undoubtedly a very good thing. But these cooperatives have not properly studied the possibility of the full and effective use of these funds, therefore, it also happens that these funds increase more rapidly than the expense funds. And this at a time when it is known that putting these funds in economic circulation for the benefit of the agricultural cooperatives would increase their potentials for higher rates of development, especially if they are used for such important fronts as increasing the fertility of the soil, strengthening of the technical-material base, and so forth.

As a result of the work which the party has carried out and is carrying out, the planned management of the economy is being constantly perfected.

A struggle has been waged in this context also against global tendencies in planning, especially in the fulfillment of plans. As a result, in general, there has been a more disciplined production and for more definite purposes, in order to better fulfill the demands and the planned needs of the economy, of the broad working masses and of defense through fixed values of use and according to an established order. Nevertheless, as was shown during the public discussion of the draft-directives of the Eighth Party Congress for the Seventh 5-year plan, there are still instances, for example, of a complete disharmony between supply and demand in the context of cooperation for the production of spare parts for complete machines, as well as instances of disharmony between financial aspects and materials, between the production plans and the technical-material bases, between production and distribution, also excessive supplies, slow-moving goods or stockpiles are created, all of which have their source sometimes in the weakness of global planning, according to general value, but, more often, in the weakness of seeking the fulfillment of the tasks in global terms during the execution of the plan. Therefore, a more accentuated and concrete struggle is expected from the state and economic organs in order to fight these mistaken and harmful practices and concepts.



The improvements which have been made in planning methodology and in the criteria of the assessment of the economic-financial activity of the economic enterprise and of the agricultural cooperative, and the efforts which are being made for their implementation, have been accompanied by a more effective management and a more profitable use of material and monetary resources. The goal is and a determined effort has been made to, use, in the most harmonized manner possible, the human and those material and technical factors which presently constitute the biggest reserve and the decisive condition for the fulfillment of the tasks. By raising this harmonization in production activity to a higher scientific level, important objectives are being attained in raising production while reducing expenses, in raising the profitability of the economy, by creating real opportunities for maintaining and improving the correct relationship between social production, national income and financial incomes.

The increase of the resources of accumulation is a basic factor for the uninterrupted financing of the economy and for guaranteeing high rates of development. And it is a fact that the realization of an active budget in our country, under the conditions of the fierce imperialist-revisionist encirclement and the further deepening of the economic-financial crisis which has engulfed the capitalist, bourgeois and revisionist world, proves the correctness of the line which the party has pursued for the building of socialism entirely through self-reliance. Our economy breathes freely and fully. This is shown by the high rates of its development without receiving credits and aid from the capitalist, bourgeois and revisionist states.

The effectiveness of the social production, Comrade Enver Hoxha, teaches us, is a result of all the factors of the development of socialist production. By taking in consideration this scientific conclusion, the increase of the resources of accumulation is being viewed ever more in close relationship with the fulfillment of the production tasks on time, in assortments, quality, cost and so forth. In this framework, special importance is being devoted to the problems of cost. They are being subjected to deeper analyses, by examining all the aspects of cost, whereas the strict planning of cost and the saving of labor and materials in the production process became one of the principal topics of the public discussion regarding the draft-directives of the Seventh 5-year plan period, as one of the most pressing tasks for securing the necessary accumulation for the uninterrupted financing of the economy.

But in the field of production costs there are also some problems which require greater attention, especially in the direction of scientific planning and the systematic pursuit of the fulfillment, in full unity with all the economic and technical indicators of production. Thus, for example, in the better administration of the material expenses, which occupy the main role in the expenses of production and construction, there are still problems which merit a greater attention than up till now, in order to use them more thriftily.

It is a known fact that during these past few years there has been a powerful movement for the more profitable use of raw materials, of energy materials and quite a few results have been noted in this direction. Still, the reserves which exist have not been utilized everywhere and sufficiently. There continues to be procrastination, for example, in the re-examination of the norms for the use of outdated materials which do not comply to the level of techniques, technology and of the training of the workers. The great reserves which exist in this field became more apparent also through the revolutionary initiatives for savings which many working collectives have

undertaken for the fulfillment and overfulfillment of the plan of the current year, especially those which have been taken to raise the coefficient of the valuable use of raw materials, which is accompanied by the production of technological shortcomings, which continue to be great, especially in some branches of industry, such as the machine, wood, and clothing industries. The use of mathematical methods in cutting and in other working processes, as well as encouragement everywhere of the creative spirit to find ways for turning the left-overs and rejects into valuable means for the society, are yielding very good results in the effective use of the material goods. The differences which exist between the enterprises in relation to the achievements in the valuable utilization of raw materials and of the principal materials, also reflect the many possibilities which exist for the further lowering of the cost, for the increase of production and accumulation at high rates.

In the methodology of planning our socialist economy, precise limits have been set for the proper relationship between the cost and the other indicators of production, and for determining the real resources of lowering the cost. And in the majority of the economic enterprises good work is being carried out for planning the cost. A good work has been done especially in the enterprises of the textile industry, the chemical industry, and so forth. But there are also some economic enterprises which do not carry out skilled work in this direction.

There are instances when the analysis of the cost plan is not documented by real sources of thrift. For example, the superphosphate plant in Lac had expected to fulfill only 12 percent of the cost reduction plan through savings in raw materials, and 88 percent through savings in general expenses of the enterprise. This type of planning indicates a failure to set precise limits for all the concrete sources of the fulfillment of this task. There are also some enterprises which have not drafted expenditure estimates, although it is known that they constitute the foundation on which all cost problems are based and solved. And it is precisely these gaps and similar ones which in some cases, cause attention to lowering costs to be incorrectly directed toward general expenses, not because there is a lack of reserves and possibilities for savings, but because the main reserves are to be found in the process of the production of material goods.

The public discussion of the draft-directives revealed many possibilities and new reserves for lowering the production expenses. But in some economic enterprises such as these in Mirdite District, Durres District and else, the operational branches have not fully executed their analyses, in order to further influence the creative thinking and to further clarify the objectives for each worker and collective, to further concentrate the work and the struggle for reducing production expenses and for strengthening, everywhere and in everything, the savings regimen.

The implementation of the tasks of lowering the production expenses, requires, among other things, a better coordination of the work between the branches and various specialists in the enterprise. The financial workers should not merely become data accountants, but should leave the offices, go more often to production areas and undertake economic-financial studies linked closely with the technical, technological and organizational problems of production, whereas the engineers, agronomists and the other specialists of these categories should not pursue and treat the problems of production only from the technical aspect, but should also take into consideration their economic-financial aspect, take notes, keep records and work with data in this direction too, to follow step by step the trends and phenomena observed in the economy, and draw from them the necessary conclusions for the management of the economic-financial activity.

Increasing the knowledge of financial workers about production and technology and increasing the knowledge of the economic and financial sciences by the production specialists, opens to them a horizon for a deeper understanding and evaluation of that organic relationship which exists between the technical, technological and financial aspects of production. The supplementing of this knowledge, which assures unity of scientific management requires a greater attention starting at the school level, in the teaching programs in which it is necessary to carry out the needed improvements, by overcoming that gap which is noted in many directions and which has been evident in practice.

In the public discussion of the draft-directives of the Eighth Party Congress for the Seventh 5-year plan, another important direction in which greater attention was concentrated was that of the planning and more effective use of circulating assets and capital investments.

Under the present conditions of the intensive development of the economy, the profitable use of circulating assets constitutes one of the important directions for raising the effectiveness of production and of national revenues. Thus, by increasing the rapidity of their circulation, by only one percent, millions of leks in material and monetary resources, are made available to the economy. Precisely in this field, there is room for the financial organs to try their best in order to find new possibilities for increasing the effectiveness of the use of these means.

The economy possesses billions of leks in circulating assets which have been provided to the enterprises in order to fulfill the plan tasks in a normal manner, and the data show that the effectiveness of the use of these means has grown from year to year, therefore in a new 5-year draft-plan, too, the rates of the increase of circulating assets are expected to be lower than the rates of the production increase, something which constitutes an objective necessity in order to have a highly effective economy. But this does not mean that the maximum limits have been reached in this field, on the contrary, as experience shows, here too there are many reserves and possibilities. Special attention should be given, in particular, to the study of norms of material expenditures.

It is known that the reserves of goods and materials can be held at the level of the norm only when strong discipline and control is established everywhere. Of course, the broad nomenclature of goods and of materials hampers the controlling and management work for accelerating their circulation, but practice has shown that if the problem is understood seriously and the information and evidence are perfected, good results can be attained, especially in some of their most important types, or in some other less important ones, but which contribute to the creation of stock-piles.

The accelerating of work on the part of all the ministries for the establishment of daily norms for circulating assets will create possibilities for the improvement of planning and for the strengthening of the control of their use. However, the conditions and the factors which determine the size of the daily norms for circulating assets constantly change, from time to time, therefore they cannot remain unchanged during entire years. But they cannot be changed in a careless manner, without a general study of the conditions and of factors which determine the daily norms for circulating assets. We stress this because the weaknesses which exist in this direction constitute one of the principal causes of the creation of stockpiles of materials



and goods in some enterprises. Thus, for example, in the UEM (Electro-Magnetic Plant) of Durres there is almost double the norm of materials, and in some of them there are reserves for an entire 5-year period. In this enterprise there are 816 articles valued at about 800 thousand lek which have not moved for over one year, 188 articles valued at over 1 million and 300 thousand lek which have not moved during a period of 6 months to one year, and so forth. The negative consequences in this field are clear, because the enterprise is unable to pay, whereas some other enterprises which need such materials, face difficulties for the normal fulfillment of plans.

The planning of circulating assets is a process in which many problems emerge, such as supply, distribution, the normative of the material expenses, the prolongation of the technological process, transportation conditions and so forth. For this reason, all the enterprise organisms must occupy themselves with the planning of circulating assets, by involving the creative thought of all the workers, and especially of the technical-engineering personnel. However, in practice, the planning of circulating assets, in many cases has been understood simply as a financial issue to be dealt with by the branches of finance and the financial workers, by not always relating it closely to the other plans, especially the supply and distribution plan.

The cases of non-scientific planning of needs for circulating assets are accompanied both by asking and securing above requirements, according to the tendency "to be on the safe side" as well by asking and securing below requirements. This constitutes also one of the causes for the creation of excesses or deficiencies in circulating assets. Somewhere, unnecessary reserves are created and somewhere they are insufficient for the normal development of the production process.

The increase of the effectiveness of circulating assets is hampered also by the regular non-fulfillment of production and distribution plans. In the sector of industry and of mines in Korce District, during the first quarter of this year it happened that during the first 25 days of each month only 30-35 percent of the monthly production was entered, whereas during the last days, of the month only 65-70 percent of the production was entered. As a consequence, in the distribution of production extreme oscillations take place during the month. Thus, during the 5 days of each month, 20-30 percent of the monthly production took place, whereas during the first 5 days of each month only 5-10 percent of the monthly production was distributed. An irregularity of this kind creates difficulties in the field of transportation too, by creating bottlenecks. This, however, creates, at the same time, irregularities in the other branches of the economy which process these raw materials.

It is clear that in these cases, it is not the technical-technological and material conditions of production which hinder the regular fulfillment of the tasks of the production and distribution plan, but it is the lack of concern and the failure to pursue the fulfillment of the production and distribution plans every day and in all the indicators which has its source in the mistaken concept that "there is time until the end of the month." Our economy is a single one. The violation of the plan, even in one link of production or of distribution, not only creates disturbing problems for users of material goods, but if no measures are taken, it affects the fulfillment of all other economic-financial tasks in special branches and enterprises, as well as on the level of the entire economy.



It is a fact that as a result of the care shown and the measures which have been taken, as a whole, the effectiveness of circulating assets has increased. The acceleration of their circulation has resulted in the increase of production at faster rates than the circulating assets. In order to ensure the normal production process, work is being done to create and strengthen the necessary reserves everywhere. There has been criticism of the harmful practice of some managers to secure "reserve" circulating assets," by keeping them out of economic circulation. There are many organized movements to record stockpiles and distribute them to the users. They have freed a number of enterprises from the heavy burden created for them in the financial area. During the discussion of the draft-plan for 1982 and of the draft-directives of the Seventh 5-year plan there has been better record-keeping of stockpiles of materials and of goods of slow circulation, and concrete tasks are being scheduled to put them at the service of the economy. On the other hand, a series of changes have been made in the rules and legal norms in order to strengthen the discipline and the responsibility of the supply enterprises and of the organs of foreign trade for securing the necessary reserves on time.

Investments occupy 40-50 percent of the expenses of the state budget and constitute the principal direction of the use of socialist accumulation. Their volume during the new 5-year plan period is 23-25 percent greater than during the Sixth five-year plan. Through investments, high rates of the expanded socialist reproduction will be maintained, the technical-material base will be strengthened and sources of accumulation will be increased.

Through the great work which the party has carried out, a revolutionary concept is now dominant in the field of investments. In contrast to some years ago, when technical thought completely dominated their planning, and data on their effectiveness were weak, now there is better harmony among them. The demands for the highest possible effectiveness of investments and the priority of production investments, are being introduced in a better way in the work and management methods of the economic and state organs. The monitoring and study role of the financial and bank organs is growing daily along with their influence.

In the discussion of the draft-directives of the Eighth Party Congress for the Seventh 5-year plan, a better work was done to acquaint the workers with the cost of the projects and with the parameters to be attained. This became evident in the analyses which the executive committees of the district people's councils carried out regarding the results to date. But, despite all these improvements in the work for the planning of investments, in some cases there continued to be shortcomings and weaknesses which have been criticized in the past too. Thus, in some districts tendencies were again noted to plan the greatest amount possible of funds and projects without scientifically examining the real possibilities and resources for their fulfillment and without complete studies about the economic-social benefit and profitability of the projects.

Some enterprises and districts have not drawn the necessary lessons from the criticisms of the party for the strengthening of the study and design work. How else can one explain the fact that in some cases the projects have been presented only in one version and have been planned to be built without complete studies. Thus, the nonfulfillments evident in the drilling and exploitation of petroleum are also related to the lack of knowledge about all the drilling points from the beginning of the planning phase. As a result, the funds, too, in some cases, have been earmarked according to the analogy method.

The accelerating of the construction schedule is of great importance, both for starting production and accumulation on time and also for avoiding the blocking of funds. The acceleration, only by a few days of the commissioning of projects called for in an annual investment plan is of great economic profit, and negative consequences result from their delay, even for a few days, especially now when an average of about 12 million lek a day are spent for investment.

These are important issues which merit greater attention than heretofore by the basic party-organizations, the building enterprises as well as the investment institutions, especially those which do not complete projects on schedule, or which increase the volume of construction-installation works underway, by blocking the funds. But regarding these issues, the financial organs which must greatly strengthen the study, analyses, operation and controlling work, also have many tasks.

The attainment of the objectives called for by the draft-directives of the Eighth Congress of the AWP for the development of the economy and of culture for the Seventh 5-year plan (1981-1985) will further strengthen the economy and the defense of the country. The greatness of this plan is based on the continued high rates of development by fully relying on our own forces, without aid and credits from abroad. The continued soundness of our finances during the years of this 5-year plan period constitutes one of the powerful bases to guarantee the high rates of our economic-social development.

The great possibilities which our socialist order assures, are being further concretized during the examination of the draft plans coming from the grassroots. It is necessary for the ministries and the central institutions to reexamine during this phase the possibilities for a more complete documentation of the economic-financial indicators, to evaluate every proposal and suggestion made by the grassroots, with the main objective of raising the level of the guarantee of the fulfillment of the Seventh 5-year plan.

CSO: 2100/27

# FORTHCOMING GROWTH OF CONSUMER GOODS, SERVICES JUSTIFIED

Sofia POLITICHESKA PROSVETA in Bulgarian No 12, 1981 pp 50-55

[Article by Mariya Slavova, candidate of economic sciences: "Personal Consumption--Status and Trends"]

[Text] Among the multiplicity of problems which will be solved in our country during the Eighth Five-Year Plan in the area of raising the working people's material and cultural well-being is the problem of the further comprehensive development of personal consumption. It has a vital place and fulfills an important role in the multifaceted practical activity of man and society. Personal consumption under socialism is shaped purposefully and developed on the basis of a continuous increase in production and implementation of the party's social policy.

The main and immediate task of the country's social production and overall development--the attainment of a higher level in the comprehensive satisfaction of the people's material, spiritual and social needs--makes new demands on the various aspects of the reproduction process. These demands apply with special force to personal consumption and the structure thereof.

The level and structure of personal consumption are among the most important indices of the people's well-being. Personal consumption structure reflects the ratio between the individual groups of goods and services which are consumed or used by the people. The more important elements of material and spiritual goods are usually grouped as follows: current consumption of material goods whereby the individual's urgent needs are provided for (food products, clothing, shoes etc.); durable goods for furnishing a dwelling and for satisfying cultural needs (television sets, radios, personal means of transportation); and the consumption of (material) services--laundry, dry cleaning, repair of household appliances etc.

One of the vital tasks of social policy is the establishing of optimum proportion between the individual components of personal consumption and, more specifically at the present stage, "still fuller satisfaction of the people's needs of food and nonfood products and services."<sup>1</sup>

The rapid increase of the population's monetary income, the decline in income differentiation, and the increase of the role of consumption in the development of production have a significant influence on consumption structure and needs at the present stage, on the rate of economic growth etc.

The growth of household nominal income in our country contributes to the more effective development of production, on the one hand, and to a rise in the level and an improvement in the structure of consumption, on the other. Practical experience shows that the rise in the level of personal consumption and the structural changes therein are in direct relation to the dynamics and structure of household incomes. The total income of the observed households in our country grew from 2246 leva in 1965 to 4611 leva in 1979, and the per capita average correspondingly from 691 in 1965 to 1593 in 1979.<sup>2</sup> The population's real income will grow by 16-18 percent in the Eighth Five-Year Plan. Average annual pay will increase from 2185 leva in 1980 to about 2500 leva in 1985, and minimum monthly pay from 100 to 120 leva.

Wages constitute the vast part of the total income structure for all households. This shows that income received from payment for labor has the strongest effect on personal income structure. The role of personal income, however, must not be absolutized since some needs are satisfied free of charge through social consumption funds. Moreover, when living standard is estimated, it must be taken into account that individual households differ in their composition and this, to a significant extent, determines whether families have a higher or lower per capita nominal income. Social consumption funds play an important part in eliminating the differences between the budgets of individual households. Distribution via social funds physically effects the greater part of socially organized (collective) consumption.

During the Eighth Five-Year Plan a new approach will be made to the formation and utilization of social consumption funds. They will grow at a rate lower than at present, but their absolute amount will be greater since every percentage point of increase represents a larger sum than in the preceding period. In this five-year plan they will be 9 billion leva more than in the Seventh Five-Year Plan. The economic and social effectiveness of these funds will rise decisively in the area of education, public health and other spheres. The aim is to stimulate more productive labor and solve the problems of laboring man and his family rather than to intensify the people's consumerist attitude.

Progressive structural changes characterize an analysis of the population's consumption in our country. The share represented by food products has declined appreciably as against nonfood products and services. Food products' share of the total volume of consumption declined from 49.7 percent in 1960 to 37.3 percent in 1979, while that of nonfood products and material services increased from 50.3 percent to 62.7 percent.<sup>3</sup> With the further development and improvement of social production and with the growth of the population's income, the share represented by nonfood products and material services will increase still more with a simultaneous growth in the absolute volume of food products.

Among food products the consumption of meat and meat products, sugar and sugar products etc. is rapidly increasing. In 1980 2.7 times as much meat and meat products, 3 times as much fish and 3.5 times as much sugar were produced as in 1960.<sup>4</sup> The quality of the population's diet is improving and this is of vital importance for the people's proper physical development. Consumption structure is being improved by way of biologically more valuable food products. In terms of the calorie content of the food products consumed per capita per day, Bulgaria ranks ahead of several highly developed capitalist countries such as the FRG, Austria, Canada and France.<sup>5</sup>



Despite the great growth in the consumption of animal products it still lags behind the population's needs. That is why the decisions of the Twelfth BCP Congress set agriculture the task of sharply increasing the quantity and quality of animal husbandry output. Moreover, at the very beginning of the Eighth Five-Year Plan the domestic market will be more evenly supplied with all kinds of fruits and vegetables, meat and meat products, sugar and sugar products, milk and dairy products, edible vegetable oils, eggs, macaroni products, fish and fish products, rice, and nonalcoholic beverages. Food industry output will increase at least 25 percent during the Eighth Five-Year Plan.

Progressive changes in the personal consumption of nonfood products can be judged from the increase in the sales of some of them. For example, in 1980 1.8 times as many woolen fabrics were sold as in 1960, 2.5 times as many silk fabrics, 2.4 times as many shoes, 1.9 times as much cotton knitwear and 3.4 times as much woolen knitwear.<sup>6</sup> The production of light industry will increase about 25-30 percent during this five-year plan.

The great demand for, and the expansion of the consumption of durable goods account for the high rate of the increase of production and the enrichment of the assortment thereof. In 1980 there were 77 television sets per 100 households as against 42 in 1970, 77 refrigerators as against 29 in 1970, 71 washing machines as against 50 in 1970, 29 passenger cars as against 6 in 1970 etc.<sup>7</sup>

As a result of the growth of income and the rise of the people's education and technical know-how, the consumption of nonfood (industrial) products and durables will increase still more, and the requirements set for the quality and assortment thereof will rise. This makes it imperative to improve production structure, intensify imports of consumer goods as well as the influence of the market on the planning and satisfaction of the people's rational needs, overcome the seasonal character of the consumption of certain foodstuffs, and reduce the difference between the supplies of individual regions of the country, between cities and countryside. Retail goods turnover will increase by 20-22 percent in the Eighth Five-Year Plan.

Despite the progress made in developing the production of consumer goods and the performance of services a number of difficulties of an objective and subjective character are still encountered in satisfying the working people's needs. Inadequate development of the productive forces is a cause which still prevents meeting some of our population's needs in keeping with scientifically founded standards. This is true for satisfaction of the needs of certain nonfood products, housing, children's and health-care institutions, various kinds of services etc. (For the level of satisfaction of some of these needs, see the data in the table below.)

In order to raise the people's living standard, the party and government are now giving special attention to the housing problem. The provision of housing is one of the most important qualitative consumption indices. As a result of intensive housing construction, percapita living space in 1980 was 14.8 square meters as against 10.5 square meters in 1965. Apart from what has been achieved in this area, very many questions await solution. During the Eighth Five-Year Plan at least 400,000 new housing units will be built as against 352,000 during the Seventh Five-Year Plan. A fundamental problem here continues to be the provision of housing for every family and improvement in the quality of housing construction. It is

necessary to take into account such processes as the breakup of households, internal migration, the increase in the number of elderly people living in apartments by themselves etc. Greater attention must be paid to the ambient environment and to the planning and provision of public services and amenities. The housing allocation system is being improved by giving preference to young families and to families without housing. It is imperative also to continue efforts for the functional allocation and furnishing of housing units, for reconstruction and modernization of existing housing and for the more rational establishment in new housing complexes of a system of social services that will create better opportunities for people in the same block, residential district etc. to associate together.<sup>6</sup>

LEVEL OF SATISFACTION OF POPULATION'S NEEDS  
OF BASIC FOOD AND NONFOOD PRODUCTS\*

Products	Measure	Level attained in 1980	Rationalized standards	Attained level as percentage of rationalized standards
1	2	3	4	5
<b>I. Food Products</b>				
1. Bread and bakery products	kg	215.6	100	215.6
2. Meat and meat products	kg	62.5	80	78.2
3. Fish	kg	7.2	12	60.0
4. Milk and dairy products** (calculated as milk)	liter	165.0	260	63.5
5. Eggs	each	203	265	76.6
6. Sugar and sugar products	kg	34.2	32	106.8
7. Vegetables and canned vegetables	kg	98.0	180	54.4
8. Fruits and canned fruits	kg	106.0	200	53.0
<b>II. Nonfood Products</b>				
1. Cotton fabrics	sq m	24.7	36	68.6
2. Woolen fabrics	sq m	4.7	7	67.1
3. Silk fabrics	sq m	3.5	7	50.5
4. Knitwear items	each	12.0	19	63.1
5. Footwear (excluding rubbers)	pair	2.0	4	50.0
<b>III. Supply of durable goods per 100 households</b>				
1. Radios	each	88	130	67.7
2. Television sets***	each	77	105	73.3
3. Refrigerators	each	77	70	110.0
4. Electric washing machines	each	71	100	71.0
5. Passenger cars	each	29	40	72.5

\*Table compiled according to data of "Statisticheskii Spravochnik 1981," pp 191, 220 and "Tezisi na TsK na BKP vuv Vruzka s Podgotovkata na Edinadesetiya Kongres

Concern for the development, enrichment and qualitative improvement of services has an important place in the social policy of the party and state. The whole sphere of services is called upon to create conditions for expansion of the reproduction of the labor force, for strengthening of public health and improvement of the people's living conditions, for provision of adequate leisure for the working people.

The consumption of services at the stage of the building of a developed society is increasing at a relatively faster rate than the consumption of material goods. In 1979 the population's expenditures for material goods increased 3.9 times as much as in 1960, whereas expenditures for services increased 5.3 times as much, including expenditures for production services which increased 13.9 times as much, and for nonproduction services which increased 4.2 times as much.<sup>9</sup>

Per capita consumption of some industrial services increased appreciably over 1970. For example, dry-wash laundering increased 11.8 times, drycleaning nearly twice, automotive services over 6.9 times, repair and maintenance of radio and television sets 4.7 times and of household appliances over 7 times etc.<sup>10</sup>

The spiritual needs of the people and the possibilities of satisfying them are growing rapidly. In 1980 theater attendance per 10,000 population was 711 as against 637 in 1970; the annual per capita printing of books was 6.5 as against 4.8 in 1970, of magazines 5.3 as against 6.9, of newspapers 112.9 as against 96.2. Television subscribers per 1000 population was 186 in 1980 as against 121 in 1970.<sup>11</sup>

There is a trend towards a constant increase in the number of the population with a secondary, college and higher education. In the number of VUZ students, Bulgaria ranks among the first in the world. Specialists with a higher education in the national economy increased from 163,000 in 1970 to 275,000 in 1980.

Qualitative changes are now taking place in the educational system with the establishment of the new ESPU [edinno sredno politekhnicheskoe uchilishte; integrated secondary polytechnical school] and the new type of tekhnikums, as well as with the reorganization of higher education in keeping with the decisions of the July (1979) plenum of the BCP Central Committee on education.

In order to implement the decisions of the Twelfth BCP Congress in the social sphere, the new economic mechanism will be used still more effectively here so as to make a turnaround in the service area in increasing the production and expanding the assortment of consumer goods.

The materials of the Twelfth Party Congress target an increase at an overtaking rate in marketable goods and services for the population as compared with disposable income, closer convergence of the rate of growth of group "A" and group "B" in

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na Partiya" [Theses of the BCP Central Committee in Connection with Preparation of Eleventh Party Congress], Sofia, Partizdat, 1976, p 91

\*\*Excluding butter.

\*\*\*Those registered for 1970 [sic] only (excluding transistor sets).



industry, and fuller utilization of the potentialities of social production for developing the population's self-sufficiency system and for overcoming the lag of certain types of services behind the working people's increased needs. Provision of comprehensive services within the framework of the settlement systems, the combining of traditional services with new and more progressive forms, improvement in the quality of services, a rise in the skill of workers, and development of the material and technical base and of municipal and domestic services will be a constant concern of state and economic agencies. In addition to the favorable changes in the fulfillment of the decision of the February (1974) plenum of the BCP Central Committee and the 1978 National Conference with key ideological cadres on the ideologization and politicization of this sphere, many more questions in this area will be solved so that the influence of the service sphere can be synchronized with the overall efforts to educate the New Man.

The goals of increasing the quantity, improving the quality, and diversifying the assortment of goods and services have an important place in the pledges of the labor collectives to fulfill the decisions of the Twelfth Party Congress. And this is so because every worker is more and more becoming convinced that the production of more and higher-quality goods and domestic services means speedier and fuller satisfaction of his needs.

Under the leadership of party committees and organizations the work of state and economic agencies is now aimed, first and foremost, at improvement of the quality indices of consumption, at study and forecasting of consumer demand and timely direction of production towards the requirements of consumers, and at elevation of the economic and social efficiency of social consumption funds. The role of the subjective factor, of the labor activity of collectives, in increasing the country's material and spiritual goods is indispensable. The more favorable conditions and opportunities are for the development and utilization of people's capacities, for them to prove their labor and social worth and for the renewal of the labor force, the greater are the opportunities for an increase in the social productivity of labor and the material wealth of society.

Under socialism the socioeconomic functions of personal consumption are constantly enriched and reinforced. Society, by its planned, deliberate and purposeful activity, creates conditions for the formation of a volume and structure of personal consumption that will facilitate the multifaceted development of the personality and strengthen the socialist way of life.

#### FOOTNOTES

1. Twelfth BCP Congress, "Dokladi i Resheniya" [Reports and Decisions], Partizdat, 1981, p 191.
2. See "Statisticheski Godishnik na NRB" [Statistical Yearbook of the Bulgarian People's Republic], 1980, pp 91, 92.
3. See "Razshireno Sotsialisticheskovo Vuzproizvodstvo na NRB" [Expanded Socialist Reproduction of the Bulgarian People's Republic], 1980, p 105.

4. "Statisticheski Godishnik na NRB," 1980, p 360; "Statisticheski Spravochnik" [Statistical Manual], 1981, p 195.
5. See "Potreblenie na Naselenieto (Osnovni Pokazateli)" [Consumption of the Population (Basic Indices)], KESSI [Komitet po Edinna Sistema za Sotsialna Informatsiya; Committee on Integrated Social Information System], 1978, p 27.
6. "Statisticheski Spravochnik," 1981.
7. Ibid., p 220.
8. A practical proposal in this respect is that of R. Gocheva to create communities of relatives and friends by place of residence in cities, with regulation of this process made possible by application of the Law on Property/ (See "Zhizneno Ravnishte i Nachin za Zhivot" [Living Standard and Way of Life], Sofia, Partizdat, 1977, p 72.)
9. Calculations are made according to "Razshirenoto Sotsialisticheskoto Vuzproizvodstvo na NRB," 1980, p 128.
10. "Statisticheski Spravochnik," 1981, p 202.
11. Ibid., p 240.

6474

CSO: 2200/51

## WORSENING WEATHER CAUSING ECONOMIC, ECOLOGICAL PROBLEMS

Prague HOSPODARSKE NOVINY in Czech 29 Dec 81 p 5

[Article by Vilibald Kakos, graduate physicist, Hydrometeorological Institute, Prague : "Atmospheric Chaos Increases"]

[Text] In the course of this year, it was again demonstrated that the number of weather extremes had increased even over last year. All over the world, too, according to foreign experts, the number of disasters increased as a result of the vagaries of weather. Unfortunately, for the time being we do not have any physical explanations for this intensified atmospheric chaos, even though there now exists a broad "arsenal of hypotheses" about terrestrial and extra-terrestrial influences as well as harmful human activities causing pollution of our water and air.

Beginning with 1977, above-normal rainfall and below-normal temperatures have been noted every year during the summer (as can be verified in articles regularly published in double issues of HOSPODARSKE NOVINY at the end of every year). This year, the summer and, surprisingly, also the winter, were quite normal in respect to temperature, however, the amount of rainfall in the Bohemian lands, especially in the northwest half, was most extreme. Going toward the east, there anomalies of weather rapidly diminished so that in Slovakia, for example, there were no marked extremes except for some heavy downfalls of rain and minor flooding with damage limited to local areas. This year's flood damage in Bohemia alone exceeded Kcs 2 billion, which is one of the greatest such losses for this territory in the last 10 years. Most of this was due to the July flooding in the river basin of the Vltava, Labe and Luzicka Nisa and to a smaller extent the March flooding which also encompassed the upper course of the Morava and its tributaries originating in Jeseník as a consequence of the thawing of snow and the rainy period.

#### Extreme Heat and Flooding in March

On the very first day of the new year the meteorological phenomena began, as though to foreshadow the unusual weather in the coming months. In the morning and again in the afternoon there was thunder over Prague accompanied by a snowstorm with gusts of wind reaching 40 miles per hour. Fortunately, this winter, from the viewpoint of precipitation and particularly temperatures, did not exceed reasonable

limits, even though January was somewhat colder in the CSR with a deviation from normal of  $-1.6^{\circ}\text{C}$ . In February, there was only minor flooding along certain tributaries of the middle Labe (Cidlina, Melina and Doubrava).

Then in March there began a chain of hydrometeorological extremes. With a mean temperature of  $8.6^{\circ}\text{C}$  at Prague's Clementinum, this month, together with a like case in 1938, became the warmest ever in the history of observation at this station since 1775 when the deviation from normal was  $4.7^{\circ}\text{C}$ . The high daily temperatures reached a peak on 11 March when the reading of  $17.2^{\circ}\text{C}$  exceeded the highest ever recorded at this station and at the same time the rainy weather precipitated rapid thawing of snow on the mountains and slopes with consequent flooding. On the upper Labe, for instance, the flow into the Les Kralovstvi basin was about  $340 \text{ m}^3/\text{s}$ , corresponding to the highest flow in a century. So much water does not flow, on the average, even in Decin where the Labe departs from our territory. A long-standing average here amounts only to  $300 \text{ m}^3/\text{s}$ . Even some of the other tributaries of the upper Labe had never experienced such flooding ever since the end of World War II. The upper reaches of the Ohre and Morava attained their highest flows in 20 to 50 years, the middle Labe, upper Sazava, Bilina and lower Morava in 10 to 20 years.

#### Spring Frosts - Then Drought

In the first half of April the weather was so dry as to be harmful and the relatively warm temperatures were almost like summer. Thus 1 April again broke the record at the Clementinum with a reading of  $21.1^{\circ}\text{C}$ . Together with the record-breaking heat of March the weather in April also caused premature flowering of fruit trees. And as later seen, the results were disastrous. After an onslaught of cold air on 16 March there was a sudden reversal. In ensuing days the night temperatures fell to  $-2$  to  $-6^{\circ}\text{C}$  and in places even to  $-8^{\circ}\text{C}$ . In certain fruit-growing areas and vineyards the crops were almost completely destroyed. As a result of even greater ground frosts,  $-6$  to  $-10^{\circ}\text{C}$  (in Klatovy in one case down to  $-13^{\circ}\text{C}$ ), even some agricultural crops were damaged (vegetables, sugar beets, etc). These April returns to winter are, of course, not at all exceptional in our krajs. Only after the cold spell in mid-May (12 - 14 May) is the danger of frost warded off.

With the exception of certain areas in the northwest half of Bohemia, from April until June a shortage of rainfall began to develop gradually which reached 51 mm for Bohemia. With a total of only 142 mm this 3-month period ranked in ninth place for lack of rain in approximately the last 100 years (since 1876). The statistical probability of this phenomenon recurring is thus once in every 12 years. Even worse precipitation conditions (than this year's) during these months, so critical for vegetation growth, occurred in the postwar period only three times--the famous catastrophic drought of 1947, then again in 1957 and finally in 1976, one we still well remember. At that time, however, the drought was accompanied by temperatures greatly above normal which considerably increased evaporation, in contrast to this year's case.

This 3-month drought which, however, was not nearly as extreme as the later downpours in July and October, certainly did not help the ears of grain that were forming on dried-out soil. In large areas, there was considerable stunting of growth which later resulted in poorer grain harvests and losses in root vegetables,



in those places where, because of soil conditions, the roots could not make use of underground waters.

#### Record Rainfalls in July

The most noteworthy extremes of precipitation occurred in July. There was nothing like it in this century in respect to the number of downpours, size of area affected and very small likelihood of being repeated in the future. The highest records were noted on 19 July, with a band of precipitation running through the Sumava and Brdy range to Prague and then continuing past Melnik to the Frydlant promontory. With rains lasting all day, without thunderstorms, (the intensity of precipitation nowhere exceeded 8 mm/h) 17 stations measured a total of over 100 mm in Zelezna Ruda and 119 mm in Nove Mesto p. Smrkem (district of Liberec).

In the vicinity of Prague the area hit hardest was the recreational region around the lower Berounka and Vltava with the highest precipitation ever measured, a maximum of 109 mm, in Stechovice (district of Prague-west). Just as here in Prague these absolute records of daily aggregates were exceeded at more than 20 other rain-gauging stations, with the probability of being repeated less than once in 100 years. For example, again in Prague's Clementinum where precipitation records are available for the longest uninterrupted series from 1840, the rain amounted to 90 mm which broke the record of 87 mm of 4 July 1931. Compared with other such cases in the history of this century, it was stated that this persistent rain has absolutely no analogy in the lowlands and hilly regions of the CSR!

The enormous aggregation of rainfall from 18 to 20 July caused the greatest flooding ever known in history along the smaller tributaries of the Labe and Luzicka Nisa river basin. Among these were especially the streams originating in the Brdy and Hrebny region (for example, Kocaba, Bojovsky, Vsenorsky River, etc). Amounts equal to 50- to 100-year peak flows which may also be rated among catastrophic floods were noted in the western portions of the Central Bohemian Kraj on almost all small and medium tributaries of the Labe, Vltava and Berounka, on the largest streams of the West Bohemian Kraj, chiefly on the Uhlava, Uslava and Klabava, and finally in the North Bohemian Kraj at Ploucnice. Of the larger streams, the lower Berounka was hit the hardest when it peaked at 565 cm (440 cm higher than the long-time average) which corresponds to a 30-year record flow of almost 1000 mm<sup>3</sup>/s. The last time the Berounka's waters were higher, by 15 cm, was in 1957.

The weather in July could truthfully be characterized by the title of the well-known novel, "When the Rains Came." (Their intensity, however, could by no means compare with the monsoon downpours). In the territory of Bohemia, 195 mm of rain fell, which is 227 percent of normal. This amount, the highest of all months for over 100 years, actually equaled the record of July 1954. At the Clementinum secular station mentioned before, a record 214 mm was reached, greatly exceeding the previous maximum of 192 mm in August 1938. Similar absolute extremes were recorded at several scores of stations. For example, at Roudnice n. Labem 293 mm of rain fell, whereas the statistically computed norm based on weather tables here is only 70 mm.

All of this was not without its consequences for agricultural operations. The ground became muddy in places for long periods of time and perceptibly complicated

harvesting. The unusual saturation of the soil also caused landslides in some places, probably the biggest of which was noted on the steep slopes above the Sazava at the community of Luka p. Mednikem (district of Prague-west).

#### More Rains in October

Following quite normal weather in August and September, October seemed to revert to the rainy month of July, though in a somewhat milder form. The amount of 122 mm of precipitation in the Bohemian region ranked this October in third place (after instances in 1935 and 1923). Many stations in the northwest half of Bohemia again broke records for monthly rainfall totals. The impassable condition of the ground in this region almost disrupted fall agricultural work, particularly the harvesting of potatoes and sugar beets, the cultivation of winter crops, etc. There were also great difficulties at the surface mines in north Bohemia.

If we add up the rainfalls in Bohemia from July to October we get the figure of 439 mm which is an absolute record (!) since the year 1876. This is almost the same amount that normally falls in Zatec in a whole year (441 mm). In second place is the case in 1922 (397 mm), quite a while ago. The extreme weather in the second half of the year is best characterized by absolutely exceptional rainfall and the ensuing problems, especially in agriculture.

Even though it is impossible to discuss all the problems created this year, on the basis of the analysis given it may be said that the unfavorable weather conditions created problems in agriculture largely due to the drought, almost all over the territory of the CSR, and then because of the enormous rainfalls beginning in July which affected mostly the northwest half of Bohemia.

8491

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## DEPUTY MINISTER'S VIEWS ON AGRICULTURE, FOOD INDUSTRY ISSUES

Prague REVUE OBCHODU/PRUMYSLU/HOSPODARSTVI in Czech No 11, Nov 81 pp 4-5

[Interview with Eng Emil Cakajda, first deputy federal minister of agriculture and food, by Miluse Tomasova: "On Fulfilling the Tasks of the Agricultural and Food System at the Beginning of the Seventh Five-Year Plan"; date and place not given]

[Text] [Question] What is the role of the agriculture-food system in our national economy and how would you characterize it from an international perspective?

[Answer] The position of the agricultural-food system in the national economy is determined primarily by the fact that this system provides an especially vital part of personal consumption--food products. Unlike durable industrial goods, market relations in the area of food products involve all social strata of the population practically every day. Thus, this is a politically highly sensitive function because it is directly controlled by all strata of the population. The agricultural-food system affects basic national economic proportions in nutrition to a significant extent because of the sizeable share of food products in total retail turnover, because it is an important consumer of products supplied by the engineering, chemical and construction industries and services, and furthermore, because of its share of the economically active population.

Food products as a whole have a vital share in retail turnover. Prior to 1965 that share amounted to approximately 60-57 percent. In 1965-1980 it dropped (with a constant rise of the volume of food products), amounting in 1980 to 46.1 percent, simultaneously deliveries of food products for our domestic market are permanently rising. The ministries of agriculture and food are the largest suppliers covering personal material consumption of our population with a line of about 6,000 food products. A balance between the consumption of food and the satisfaction of the needs of that consumption is one of the basic preconditions for a continuous process of social reproduction.

In particular, narrow interbranch correlations are developing in food production. The share of chemistry in the final value of agricultural-food production is 14.5 percent, of machine engineering 9.2 percent (depreciation of machinery and equipment, and spare parts), of fuel and energy industry 5.2 percent, of the fodder industry 2.0 percent, of agriculture 45.5 percent, and of the food industry 16.0 percent. Thus, by the same token, more branches of production have become responsible for food production.



The agricultural-food system also fulfills an important social function on the international scale due to the fact that agricultural products and foodstuffs as a whole are essential and irreplaceable in human nutrition. Their importance is enhanced by the general situation in world nutrition where the disproportions between an accelerated growth of population and the slow rise of agricultural production worldwide as well as the deteriorating international situation in general continue to escalate. From the political and economic points of view these aspects considerably affect the international market of agricultural products and foodstuffs and strongly influence the domestic economy of every state that depends on imports of agricultural products and foods.

For that reason, the 15th CPCZ Congress assigned the agriculture and food industry branches as their main task the gradual increase of our self-sufficiency in basic food products. It is a positive factor that self-sufficiency has gradually risen along with the growth of food consumption per citizen. The total extent of self-sufficiency expressed in terms of value and calculated according to the resulting balance of foreign trade amounted to 83.7 percent in competitive food products in 1960, while in 1980 it increased to about 90 percent. The extent of self-sufficiency in main groups of products of livestock origin increased in particular.

The increase in food consumption and in the extent of self-sufficiency stems from the intensive development of our socialist agriculture and food industry as well as of other national economic branches.

Its overall results rank Czechoslovakia among those states with advanced, dynamically developing agriculture. The total volume of its production as well as numerous other indicators achieved increments higher than the average achieved in certain capitalist states. Over the past 20 years, the CSSR achieved a 2.2 percent average annual increment in its gross agricultural production, as compared with 1.2 percent for Denmark, 1.4 percent for the FRG, 1.4 percent for Austria, and 1.8 percent for France. Thus, the achieved results improved the international status of Czechoslovak agriculture not only in terms of the total level of its production but also of its per citizen production.

[Question] What, in your opinion, determines the intensification of self-sufficiency and higher exportability of our agricultural and food products?

[Answer] The achievement of a higher degree of self-sufficiency in agricultural and food products in the CSSR depends on further intensification of the cultivation of our available land resources, on preventing their reduction, and on the new material and technical contributions of all branches of our primary agricultural production.

Another factor which affects the achievement of self-sufficiency is the attained standard of food consumption in the CSSR and its potential rise over the next period. The per citizen food consumption of certain products in the CSSR has reached a level equal or superior to the level of consumption in the most advanced countries of the world, particularly as concerns the consumption of flour and bakery products, sugar, meat and meat products. Especially from the medical point of view, it is not advisable to increase the consumption of those products any further, as it contradicts the principles of rational diet. Nevertheless, the

supply of raw materials for the production of the above-mentioned foodstuffs is the most important task for Czechoslovak agriculture and it affects to a great extent the potential for the further growth of its self-sufficiency.

From this perspective, higher self-sufficiency in grain is decisive for our future. The emphasis on the solution of our grain problem, however, must not distract our attention from the development of agricultural production in other sectors. so as to achieve the projected growth of self-sufficiency in other foods. In order to fulfill the demanding tasks in the coming years, priority must be assigned to the development of production programs which will enable us to eliminate step by step the current imports and which at the same time will help fulfill the export tasks of the entire ministry. During the current period, exports of other main products exported by the ministry, i.e., hops, malt and beer, should regain their role. In terms of foreign economic relations, the national economic significance of fruit, vegetable and potato production has drastically changed in recent years and therefore, we intend to reduce gradually the volume of imports of such produce, fresh or processed. The situation of wine, legumes, mustard, domestic spices, etc., is analogical. All those products used to be imported in great volumes, but now their domestic consumption must be covered by domestic production.

It is imperative to select such structures and quality of commodities for export as would render exports truly efficient. Our state is not yet self-sufficient in its food production; the sole reason for exports of certain types of food products is, and under such circumstances may be, only their economic effect which enables us to import for the earned hard currency other kinds of food products which we cannot produce in the CSSR at the same cost or which cannot be produced in our climate.

[Question] Could you assess the results of the cooperation among the CEMA member countries in the solution of problems of food industry and rational nutrition of the population as well as the Czechoslovak share in that cooperation?

[Answer] The cooperation of the CEMA member countries plays a meaningful role in the development of the agriculture and food industry and thus, it helps to a significant degree secure rational nutrition for the population of the CEMA member states.

This cooperation is focused on the development of new grain seed, breeds of livestock, modern technology, chemicals for the protection of vegetation, manufacture of food products, improvement of their quality, planning of new technological methods and basic parameters for the production of equipment and technological systems, more efficient utilization of raw materials, energy resources etc.

On the basis of coordination and cooperation, the CEMA member countries dealt since 1971 with approximately 500 scientific technical topics which helped improve the technical methods and technology of production in the meat, dairy, sugar-manufacturing and other sectors of the food industry as well as the rendering agriculture more intensive and productive.

According to jointly prepared technological documentation, the production of more than 600 types of new food products has been introduced in the CEMA member states over the same period.

The Czechoslovak scientific-technical base is actively involved in those programs and in many instances plays an important role in coordinating multilateral solutions of problems. For example, during the 1976-1980 period the plan for cooperation in scientific research included 34 main topics; appropriate research institutes of the CSSR assumed the coordination of 10 of those main topics, among them such vital problems as the production of baby food or prepared foods, the introduction of mathematical methods and computer technology, mechanization, electrification and automation of the processes of production in crop and livestock production, etc.

Furthermore, the fulfillment of the Comprehensive Program provides for gradual intensification of the specialization process in the production of traditional food products, which permits the states specializing in such production to organize their production on a modern mass-scale basis and to guarantee the importing CEMA member states continuous supplies of such products.

Among the multilateral agreements on specialization in the production of food signed in the past years was a contract on specialized production of protein sausage casings (cutizine) in which the CSSR specializes.

Another important document for the development and intensification of cooperation among the CEMA member countries--the DCPS [Long-Range Goal-Oriented Program of Cooperation]--specifies tasks for the agriculture and food industry which should contribute to a major extent toward the solution of the problem of how to satisfy the rational needs of the population for basic types of food products and how to stockpile contingency supplies. The DCPS lays the ground for the implementation of a whole system of measures related not only to our agriculture and food industry but also to other associated branches, such as engineering, chemical industry, and so on.

In conjunction with the implementation of the DCPS, since its approval 19 multilateral agreements concerning scientific technological cooperation and specialization in improving technology and technical methods in the main branches of food industry and agriculture, in industries manufacturing shortening, sugar, meat and canned foods, fresh-water fishing, varieties of grain seeds, genetic pools for cattle, hogs and sheep, technology, veterinary medicine, etc., have been signed.

[Question] What results may be expected in your ministry from the fulfillment of the tasks for the first year of the Seventh Five-Year Plan?

[Answer] Gross agricultural production will increase 2.6 percent, of which crop production will account for 10.6 percent, while livestock production will remain on approximately the same level as in 1980. The main task is to achieve the needed headstart of the crop production before livestock production.

The plan for food industry is based on supplies of raw materials from our domestic production as well as from imports. Its production will increase 1.8 percent over the current situation and the volume of deliveries for market funds will be up 2.8 percent. The key task concerns more efficient utilization and processing of raw materials and deliveries for market funds in agreement with consumer demands.

From the very beginning, agricultural production was affected to a significant extent by weather fluctuations, particularly temperature and precipitation,

mainly to the detriment of the per hectare yields of fodder and grain crop.

The level of the yields per hectare especially in the West Slovakia and South Moravia krajs was affected by the unfavorable hot and dry weather. The plan for main grain crops was not met. The shortfall amounts to about 13 percent of the production in the CSSR. Maize and sugar beets will not produce planned yields. As compared with past years, we noted better results in potato crops with yields at approximately the planned level.

The unusually unfavorable weather also affected the fruit and vegetable harvest. Lower yields were reported for all types of fruit and a shortfall was noted in vegetables, particularly onions, garlic, cauliflower, tomatoes and cabbage.

Livestock production continued to progress to our satisfaction. The herds of cattle and cows and the numbers of sheep and hens increased. In accordance with the planned regulations, the numbers of hogs and poultry were reduced. As compared with the same period of the previous year, the utility value of horned cattle and milk production was reduced due to an inferior quality of bulk fodders from last year's harvest. On the other hand, the production of pigs per sow was up and the mortality of calves and pigs was down. The average production of eggs per hen increased.

In conjunction with the development of the numerical situation and utility value, it is presumed that the plan for the procurement of livestock products for the whole year will be exceeded in slaughter hogs, slaughter poultry and eggs but will fall short in slaughter cattle and milk.

Despite a tense situation in terms of the resources of certain basic raw materials the dynamism of the production in the food industry appears positive.

In accordance with preliminary estimates, however, it has been projected that for the whole year there will be a minor shortfall in the fulfillment of the plan for food production and in deliveries of food products for our domestic market because of inadequate resources of certain domestic raw materials, packaging and materials, limited production capacities as well as because of the trends in consumer demand.

9004

CSO: 2400/98



GERMAN DEMOCRATIC REPUBLIC

STATISTICS ON GDR-BUILT SHIPS GIVEN

Moscow MORSKOY FLOT in Russian No 12, Dec 81 pp 30-31

[Article by N. Krymov: "From GDR Shipyards"]

[Text] The export of ships and ship equipment occupies a significant place in GDR foreign trade. Every year up to 90 percent of the ships built are exported.

All enterprises and organizations in the GDR shipbuilding industry are united in a shipbuilding combine. This interaction between shipyards and marine machine-building enterprises makes possible the concentration of capabilities and the coordination of division-of-labor processes typical for shipbuilding and permits the output of manufactured items corresponding to world levels.

Making use of the advantages of socialist economic integration and taking into consideration the demand on the world market, enterprises of the GDR shipbuilding industry have built over 4,000 ocean vessels of total gross volume of about 7.7 million registered tons. Ships built in the GDR sail under the flags of over 30 countries: Algeria, Denmark, Finland, France, India, Norway, Sweden, and others. The Soviet Union is a basic customer for GDR ships.

In March 1981, the Murmansk Steamship Organization received the new ship "Mikhail Strekalovskiy," which was built at the Warnemünde shipyard according to an updated design for the class of ships represented by the "Dmitriy Donskoy," which was delivered to the USSR in 1977. The Motor Vessel "Mikhail Strekalovskiy" is intended for transporting ore concentrates on the Northern Sea Route and for general freight and containers. After completing navigation in the North, the vessel can be used on tramp routes.

The overall length of the motor vessel is 162.1 m; width, 22.8 m; draft, 9.8 m; deadweight, 19,250 t; and speed, 15.2 knots. Below deck it is possible to stow 282 international standard containers and on deck, 160 such containers. The vessel's main engine is a type K8Z70/120E DMR diesel, manufactured under license by the MAN company and it has a power of 8,240 kW with a shaft rotation rate of  $2.24 \text{ s}^{-1}$ .

Ships have been designed for extreme ice and temperature conditions for the highest ice class (UL) of the USSR Registry; they can sail in arctic waters with temperatures below  $-50^{\circ} \text{C}$ .

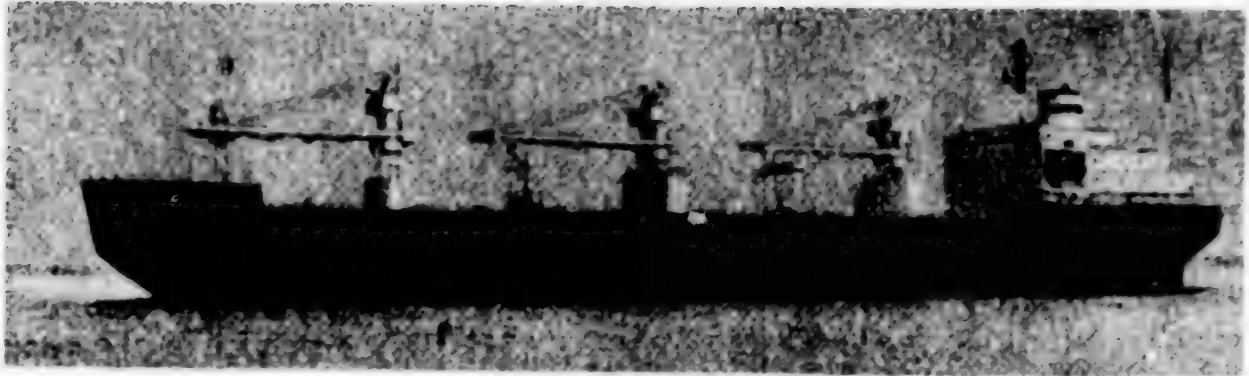


Figure 1. The Motor Vessel "Mikhail Strelkovskiy"

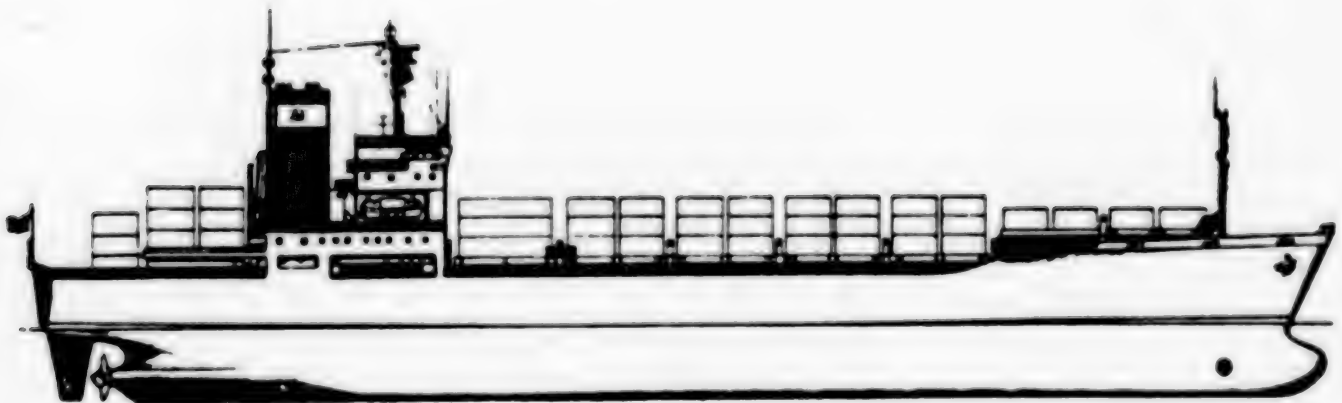


Figure 2. Design for the New Container Carrier

In 1982, it is planned to begin at this same shipyard the construction for the Soviet Union of a container carrier of 15,950 t deadweight. The vessel will hold 941 standard international containers, 57 percent stowed below deck. A type

9 DKRN 80/160-4 diesel from the Bryansk Machine Building Plant will be installed as the main engine on the vessel; it will have a power of 15,882 kW with shaft rotation rate of  $1.95 \text{ s}^{-1}$ . The overall length of the vessel will be 173.9 m; width, 25.4 m; draft, 9.8 m; and speed, 21 knots.

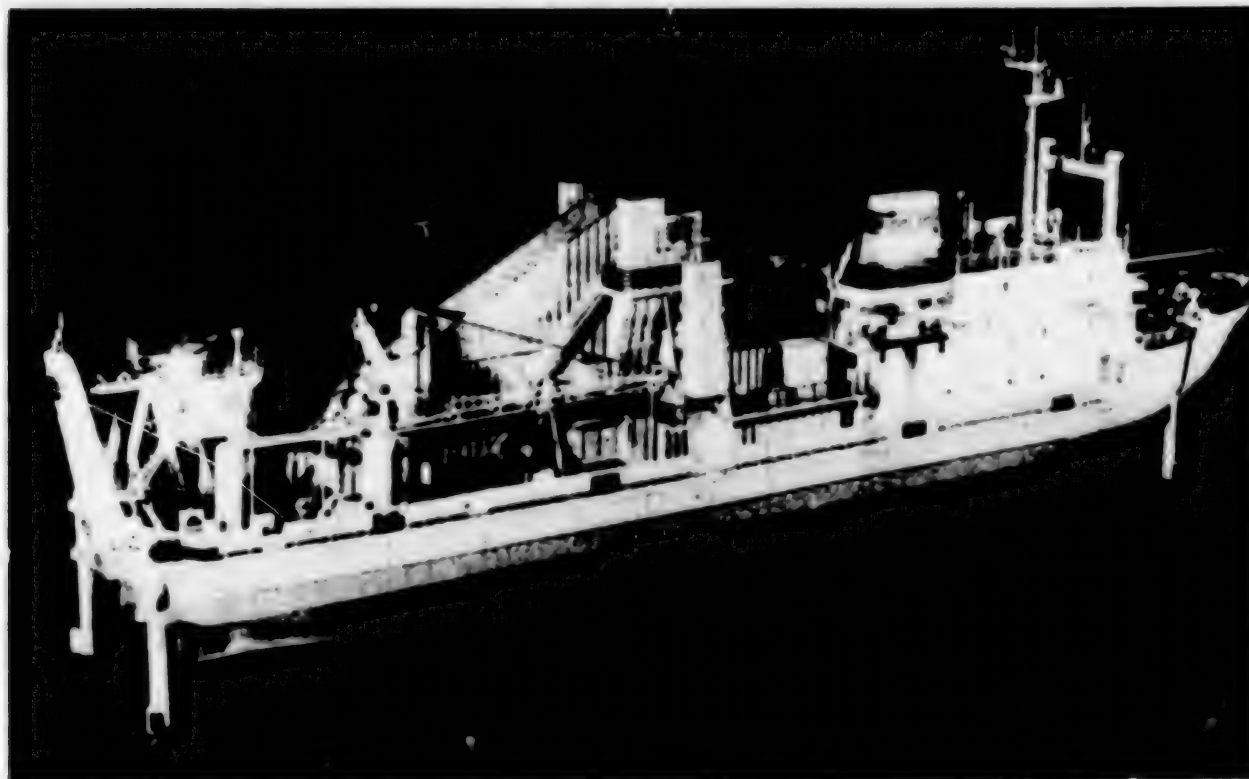


Figure 3. Seagoing Multiscop Dredger (Model)

In addition to transport vessels, the GDR is providing the Soviet Union with vessels for the technical fleet. Thus, in 1981, the GDR is exporting to our country a seagoing multiscop dredger which, because of the durability of its working structures and partial automation of the working cycle, can operate continuously during the navigation period. The scooped-up bottom is directed down a chute to a barge. The productivity of the dredger at a depth of 12 m is  $750 \text{ m}^3/\text{h}$ ; the overall length is 80.1 m and the speed, 8.3 knots.

The characteristic features of vessels of all types constructed in the GDR are broad automation of power plants, the presence of equipment for environmental protection to meet the requirements of the Intergovernmental Maritime Consultative Organization and national regulations, and good working and living conditions for crew members.

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CSO: 1829/111



PROBLEMS, CAPABILITIES OF COAL INDUSTRY ASSESSED

Cologne DEUTSCHLAND ARCHIV in German Vol 14 No 12, Dec 81 (signed to press 20 Nov 81) pp 1296-1303

['Analyses and Reports' feature article by Dr Wolfgang Stinglwagner, political scientist, consultant on GDR industry and construction, All-German Institute, Bonn: "The GDR Brown Coal Industry--A Strong Enough Bridge Into the Atomic Age?" Translations of the East Berlin DIE WIRTSCHAFT article cited in footnotes 1, 8 & 30 and of the Leipzig CHEMISCHE TECHNIK article cited in footnote 2 are published under quoted headings in the following JPRS issues of this series: "Petroleum Substitution Programs Described," 79135, 5 Oct 81, No 2182, pp 5-8; and "Fossil Fuel Utilization Capability to Be Expanded," 78184, 29 May 81, No 2131, pp 55-62, respectively]

[Text] For some years now, the significance of the GDR brown coal industry to the country's energy economy has been moving more into the limelight again. Since the annual petroleum deliveries which it can expect from the Soviet Union are no longer growing, and since nuclear energy cannot make up the emerging energy shortfall as rapidly as was originally hoped, today the country's brown coal industry is being awarded the status of a "secure bridge into the atomic age." If the current annual output rates are maintained, the reserves will last for about 80 to 100 years.<sup>1</sup> And henceforward raw brown coal is to be relied on for about 80 percent of the electric-power generation and 60 percent of the primary-energy supply.<sup>2</sup>

In the autumn of 1980 the objective was announced of realizing by 1990 a production of 300 million tons of raw brown coal. More recent statements permit the conclusion to be drawn that if anything this goal is to be reached even earlier. In an announcement made at the commencement of continuous operations at the newly opened strip mine of Cottbus North, it is said that an effort should be made to achieve the output goal of 300 million tons of brown coal as early as "by 1987/88."<sup>3</sup> In the Central Committee report given by Erich Honecker to the SED Tenth Party Congress, he fixed the production target for the year 1985 as follows:<sup>4</sup>

"The construction of a strong energy and raw-material base and the comprehensive utilization of our domestic raw materials are a basic prerequisite for our continued stable economic development. This is applicable especially to brown coal, the output of which will be raised to 285-290 million tons by 1985."

According to Wolfgang Mitzinger, the relevant minister for coal and energy, this would be the highest increase on record in a 5-year plan within the last 25 years.

### 1. The Past Development of the GDR Brown Coal Industry

In the GDR, that branch of the energy and fuel industry is referred to as the brown coal industry "which encompasses enterprises for the extraction, preparation, and processing of brown coal into briquettes, dry brown coal, lignite fuel dust, pressed coal, solid-pressed coal, and lignite coke."<sup>5</sup> Accordingly the most important components of the brown coal industry are the brown-coal strip mines, brown coal enterprises, and briquette factories. Power plants as well belong to this industrial branch. The brown coal combines in operation in the GDR are joined together into the Brown Coal Association of State Enterprises (VVB), with its headquarters in Senftenberg.

The activity of this industrial branch, which has increased again since the middle of the 1970's, is evident from its production figures:

Table 1. Production of the Brown Coal Industry, 1960-1980 (millions of tons)

<u>Product</u>	<u>1960</u>	<u>1970</u>	<u>1975</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Raw brown coal	225	261	247	253	256	258
Brown coal briquettes	56	57	49	49	49	-
Brown coal low-temperature coke	6.6	5.0	3.5	2.9	2.8	-
Brown coal high-temperature coke	1.0	1.3	2.0	2.3	2.4	-

Sources: Statistical Yearbook of the GDR 1978, p 118, and 1979, p 44 (international surveys).

Statistical Handbook of the GDR 1980, p 44.

ND of 24/25 Jan 81, p 3.

The current output of the GDR brown-coal strip mines is already extraordinarily high, even on an international scale. With a share of 15.6 percent in world reserves, right now the GDR is carrying on almost 30 percent of the world's production (in this connection, see Table 2).<sup>6</sup> Despite a decreasing share held by the GDR in world output, even for the foreseeable future it will be by far the greatest brown-coal producer in the world. The importance of brown coal to the energy balance of the GDR is correspondingly great. About 80 percent of the total electric power generated in the GDR is produced in thermal power plants on a brown-coal basis. And this situation is not likely to change much in the future (see Table 3).

Table 2. Brown Coal Production, Most Important Producer Countries 1950-1979 (in 1,000 tons)

Country	1950	1960	1970	1975	1976	1977	1978	1979
World	381,400	634,700	792,652	862,830	892,664	904,000	917,000	-
GDR	137,050	225,465	261,482	246,706	246,897	253,705	253,264	256,000
FRG	75,841	96,138	107,766	123,377	134,535	122,920	123,559	130,579
USSR	75,831	134,206	144,745	160,216	160,031	204,713	212,000	-
Czechoslovakia	27,509	57,888	81,298	86,272	89,468	93,236	92,450	93,731
Yugoslavia	11,665	21,430	27,779	34,939	36,259	38,592	39,215	41,680
Poland	4,836	9,327	32,766	39,865	39,305	40,760	41,005	38,083
United States	3,057	2,491	5,409	17,979	23,255	26,232	32,316	-
Australia	7,445	15,207	24,175	28,177	30,939	29,268	32,869	32,508

Sources: Statistical Yearbook of the GDR 1979, p 44 (international surveys), and p 18;

Statistical Yearbook of the FRG 1980, p 633;

Statistical Handbook of the GDR 1980, p 44.

Table 3. Contribution of the Brown Coal Industry to Electric-power Generation in the GDR, 1960-1979

Energy source	1960	1970	1975	1977	1978	1979
		<u>Gigawatt hours</u>				
Raw brown coal	29,293	56,289	70,011	76,672	78,096	76,998
Brown-coal briquettes	2,738	1,216	780	800	801	634
	<u>Percentage of total electric-power generation</u>					
Raw brown coal	72.7	83.2	82.8	83.3	81.4	79.5
Brown coal briquettes	6.8	1.8	0.9	0.9	0.8	0.7

Sources: Statistical Yearbook of the GDR 1979, p 127;

Statistical Handbook of the GDR 1980, p 50;

Author's own calculations.

## 2. Coal Reserves and Regional Centers of Concentration

Measured at the level of 1 January 1975, the GDR then had geologically established reserves of about 45 billion tons, of which 18-21 billion tons are commercially recoverable on the basis of the current state of the art. However, not even half of this lies in fields with a content of more than 250 million tons. The somewhat larger remainder is distributed among smaller deposits, which often have a coal content less than 100 million tons.

The two regional centers of concentration for the GDR's brown coal production lie in the western-Elbe coal field on the one hand--above all the Leipzig Bezirk--

and in the eastern-Elbe field on the other, where in particular Cottbus Bezirk is of great importance. (A summary of the strip mines operated in 1981 is given in Survey 1). Over 50 percent of the GDR's reserves lie solely in the Cottbus Bezirk. However, extensive reserves are also found in the bezirk of Leipzig, where in the coming years production is supposed to be considerably expanded.<sup>7</sup> Seeing that from 1945 to the end of 1980 over 7 billion tons of coal have been extracted, if we assume a slight increase in the current average annual production then the exploitable reserves will last for about 80-100 years.<sup>8</sup>

Survey 1. The Brown Coal Strip Mines of the GDR (Status as of August 1981)<sup>1</sup>

a) West-Elbe Field

Amsdorf  
Borna-East  
Cospuden  
Delitzsch-Southwest  
Espenhain  
Goitsche  
Groitzscher Triangle  
Peres  
Profen-North  
Profen-South  
Roszbach  
Schleenhain  
Witznitz  
Zwenkau

b) East-Elbe Field

Baerwalde  
Berzdorf  
Cottbus-North  
Greifenhain  
Jaenschwalde  
Klettwitz  
Lohsa  
Meuro  
Meuselwitz  
Nochten  
Olbersdorf  
Schlabendorf-South  
Spreetal  
Welzow-South

c) Planned New Developments:

Graebendorf (1982), Reichwalde (1984), Breitenfeld (1984/85), Delitzsch-South (1987/88), Spreetal-Northeast, Dreiweibern, Seese-East, Scheibe-South

<sup>1</sup> No longer considered in this list were strip mines currently still being operated, but already becoming worked out. In July 1981, the number of GDR brown coal strip mines was put at 29 (see TRIBUNE of 17 July 1981, p 2).

The brown coal output of the GDR was increased from 137 million tons in 1950 to 258 million tons in 1980. For 1981, a production of at least 261 million tons is aimed at, and by 1990 the annual output is to be raised to a level of 300 million tons.<sup>9</sup> In connection with this, currently 57.7 percent of the GDR's production comes from the strip mines of the Senftenberg brown coal combine. Following Cottbus North, this combine is supposed to newly develop five more strip mines by 1985. In Cottbus Bezirk, 15 percent of the total GDR output is being produced at present in just three large-scale strip mines, with a daily output of about 80,000 tons. By 1985 this share is supposed to be increased to 23 percent.<sup>10</sup> Following the commencement of production at the strip mine of Delitzsch Southwest, Leipzig Bezirk is to put into operation three more newly opened workings, so that in the future it should be able to provide about 10 percent of the raw brown-coal output of the GDR.<sup>11</sup>



Some examples from individual strip-mining operations clarify the requirements arising from this: The main enterprise of the Bitterfeld Brown Coal Combine is supposed to increase its production by 16 percent in the year 1981, and at least 3 million tons of this should come already from the newly opened working of Delitzsch-Southwest, which was fully incorporated into the enterprise only on 14 March 1981.<sup>12</sup> By 1980 the Amsdorf strip mine of the brown coal combine "Gustav Sabottka," Rœblingen, had increased its annual production to 3.3 million tons, after having delivered just 2.17 million tons in 1970. The record-holder of the GDR brown coal industry is the large strip mine Nochten, which belongs to the brown coal combine of Senftenberg, and which had a production of 24 million tons in 1980. About 10 percent of the entire GDR production comes from there alone.<sup>13</sup>

### 3. Technical Level and Economic Efficiency

The relatively small size of the GDR brown coal fields, coupled with problems connected with heavy machine building, may have contributed to the fact that from the 1950's up to the middle of the 1970's the heavy equipment which came into use in the GDR's brown-coal strip mining involved machinery of relatively small capacities. In 1979, the number of pieces of heavy coal-mining equipment in the GDR was cited at 316, including 240 large power shovels, 16 conveyor bridges, and 60 stackers. Added to these were 785 coal trains. By the middle of 1980, the number of pieces of heavy equipment had grown to 361.<sup>14</sup>

Greater outputs than with the older bucket-ladder excavators are achieved with the swinging rotary bucket excavators made by the VEB Heavy-machine Building of Lauchhammer, which belongs to the TAKRAF (Transportation Equipment, Conveying Equipment and Cranes) Combine. Whereas the SRs 1200 has a daily output of about 50,000 m<sup>3</sup>, the SRs 1300 manages a daily output of over 60,000 m<sup>3</sup> of overburden. The 1,600-ton rotary bucket excavator is being used at the strip mine of Groitzscher Triangle and is equipped with an electronic program control for automatic operation. In the Leipzig field it is the most high-powered piece of equipment. Getting even greater outputs is the swinging rotary bucket excavator SRs 6300, which is in operation at the strip mine of Greifenhain. This piece of equipment manages to handle about 14,000 m<sup>3</sup> per hour--and allowing for the usual downtimes, this corresponds to a daily capacity of about 250,000 m<sup>3</sup>.<sup>15</sup>

For about 10 years now there has been an increasing use of overburden conveyor bridges (OCB's) wherever the coal seams are uniformly deposited and suitably spread out in terms of surface area. The OCB's installed in the GDR's mines attain to huge capacities. By now their production capacity is one of the factors determining the production level of the brown coal strip mines, since to produce a ton of brown coal larger and larger amounts of overburden must be removed. One OCB each for the digging height of 60 m sits at the strip mine of Welzow-South, at the strip mine of Nochten, and at the strip mine of Jaenschwalde. The OCB at the Jaenschwalde strip mine, which weighs 12,000 tons, has achieved a daily record of 158,000 m<sup>3</sup>, while the highest daily output of the OCB in Nochten comes to about 250,000 m<sup>3</sup> and in Welzow-South to over 300,000 m<sup>3</sup> of overburden. The longest OCB in Europe is in operation at the strip mine of Espenhain.<sup>16</sup>

Also important are the flat-belt conveying systems with which brown coal and overburden are transported to the dump and to trains. In this connection, for

years now belt conveying has shown itself to be substantially more efficient than locomotive haulage, since in relation to overall overburden moving, the train-hauling method tallies out at only 27 percent quantitatively but 50 percent in terms of cost. In the year 1970, the GDR was still transporting 43 percent of the overburden by locomotive haulage, whereas today the figure is just 28 percent. By 1990 this fraction should decrease to 17 percent.<sup>17</sup>

In the GDR, four "pure" conveyor-belt strip mines have been in operation up to now. In addition to the strip mine of Peres, as of the spring of 1981 the intention is to organize the strip mine of Cospuden near Leipzig as a strip mine without locomotive haulage. The share of 15 percent held by belt conveying in 1975 is to be increased in the GDR as a whole to over 29 percent in 1990, while conveying by means of OCB's in the same period of time probably will remain at about 54 percent, for geological reasons.<sup>18</sup>

In the strip mines which are to be opened up by 1990, the conveyor-belt method is to be applied in 90 percent of the cases. As for the rest, the intention is to increasingly use the so-called direct dumping techniques, in which the overburden is immediately dumped again via a stacker from the power shovel, without an additional conveyance on a belt.<sup>19</sup>

At the end of 1979, the following prognosis was made about developments with respect to modes of conveyance:

Table 4. Shares Held by Various Modes of Conveyance in Overburden Moving in the Brown Coal Industry, 1975-1990 (in percent)

<u>Year</u>	<u>Overburden conveyor bridges</u>	<u>Belt conveying</u>	<u>Locomotive haulage</u>
1975	54.0	15.0	31.0
1980	53.0	20.0	27.0
1985	52.6	25.2	22.2
1990	53.6	29.4	17.0

Source: Klaus Strzodka et al, loc. cit., p 538.

Increasingly more powerful heavy equipment is required for removing the precipitously increasing volumes of overburden. In the GDR strip mines in 1960, an average of 2.8 m<sup>3</sup> of overburden had to be removed per ton of recovered raw brown coal. Today the figure is 4.7 m<sup>3</sup>, and in some mines it is even more. Thus, in Senftenberg 5 m<sup>3</sup>, in Greifenhain 7.1 m<sup>3</sup>, in Klettwitz 7.2 m<sup>3</sup>, and in Profen 8.5 m<sup>3</sup> of overburden must be handled per ton of produced brown coal. For 1990 it is figured that in the GDR as a whole there will be almost 6 m<sup>3</sup> of overburden per ton of coal.<sup>20</sup>

Also causing considerable technical problems is the water which accumulates in the strip mining pits and which must be removed. At present it is being collected in more than 10,000 vertical filter wells, where it is pumped out by means of submersible motor-driven pumps. In the strip mines of the GDR an average of 6 m<sup>3</sup> of water had to be pumped out per ton of brown coal in 1980. The expectation for the next 10 years is for an increase in the water load to between 8 and

10 m<sup>3</sup>/ton. Corresponding to this, there are mounting dangers associated with a lowering of the groundwater at neighboring agricultural enterprises.<sup>21</sup> Overburden and water problems grow with the depth which must be reached in the future for extracting the coal. At present the coal seam in Senftenberg lies at a depth of 75 m, at the strip mine of Profen up to 180 m, and in Leipzig-Bitterfeld up to 250 m. In the future, they will have to go even deeper.

Deeper-lying seams worth being mined have been discovered near Groebers and Bruckdorf in the area of Leipzig-Bitterfeld. But for the time being in the GDR, the intention is to not tackle on a greater scale as yet the depths of 250 m, which are referred to as "extreme" depths. Depths greater than this are exposed only when several brown coal seams lie on top of one another--such as, for example, at Profen-South. The seams in this area are to be mined after 1985.<sup>22</sup>

Even though the data differ on the economic expenditure for the recovery of the raw brown coal, nevertheless it is obvious that this expenditure has risen considerably and will be climbing even further. Whereas back in 1979 the expectation for 1980 was a cost rise per ton of recovered brown coal of one third compared to 1970, a year later the corresponding expenditure increase was put at about 100 percent. The most precise figures date back to November 1980: According to these, the prime costs for brown coal recovery rose from 6.70 M/ton in 1971 to 11.02 M in 1979.<sup>23</sup>

Thus there are increasing requirements placed on the economic efficiency of methods used. After the OCB in Welzow, the OCB at the strip mine of Nochten is also to be provided with a computer. At the brown coal combine of Senftenberg, the hope is that 270 jobs can be eliminated by 1985 through the employment of microelectronics. To a large extent, heavy equipment is to be moved from exhausted strip mines to newly opened workings. According to plan, this must happen with more than 80 pieces of heavy equipment by 1985 alone--a very expensive transport task.<sup>24</sup>

Meanwhile, if it is at all within the realm of the possible that the goal aimed at for 1990 can be reached, success will come only by mustering great efforts. The coal seams to be mined lie deeper and deeper, the geologically young coal fields now being started on are more difficult to recondition, the recultivation of former strip mines is costing more and more. Relevant complaints can also be heard from individual brown coal enterprises. At the brown coal enterprise "Glueckauf" (Knappenrode), for example, there are considerable expenditure problems. At the strip mine of Borna-East, the water seeping in is causing particular difficulties. Even the reaching of higher and higher record outputs per shift cannot obscure the fact that long repair times are causing large economic losses. For this reason, the rationalization equipment building program of the brown-coal industrial branch was increased from 25 million marks in 1976 to almost 70 million marks in 1980. In 1981, about 30 percent of the capital expenditures made by industry as a whole is to be used to further expand the energy base of the GDR, a large part of which is to go to the brown coal industry.<sup>25</sup> In doing this, capital expenditures will also have to be made to improve the transport systems for the brown coal sector. Thus, it is remarked in a GDR technical journal that: "The unusual weather conditions in the winter of 1978/79 led to considerable difficulties in connection with the transporting of the coal and overburden."<sup>26</sup> In a letter to the editor of NEUES DEUTSCHLAND

written in the winter of 1979/80, it is said: "...our checks have revealed that in more and more cars recently, considerable amounts of residual fire coal have been making their way back again (to the brown coal combine). Per freight car, this amount ranges from 0.3 to 3 tons."<sup>27</sup> Organic loosening agents are recommended as additives in the winter to prevent the freezing to the cars of the highly watery raw brown coal. Also being increasingly used are electrical heating of switches and mobile jet mechanisms for blowing off snow-covered switches.

#### 4. Future Developments

An output of 300 million tons is planned for the year 1990. Sights are set high with this goal. But an expansion on this scale is needed in order to improve electric-power generation and at the same time to achieve the country's raw-material goals. After all, at present about 12 percent of the recovered raw brown coal is being further processed in the coal-chemistry sector. According to a statement made by Minister Mitzinger, about 80 percent of the increase in the recovery of raw brown coal by 1990 is already scheduled for coal conversion.<sup>28</sup> In this way, brown coal is to do its part in the development of substitutes for petroleum.

Currently, GDR industry is producing coal-chemistry products in a volume corresponding to a petroleum equivalent of 7 million tons annually. Thus, already coal chemistry is furnishing about a fourth of all organic chemical raw materials and 5 percent of the motor fuel. This production is to be increased by 1990 to a petroleum equivalent of 11 million tons.<sup>29</sup> With synthesis gas generation as the basis, the gas combine of Schwarze Pumpe is going to produce chemical raw materials and intermediate products such as urea, ammonia, methanol, phosphene, hydrogen, and ethanol. By the end of 1982 the hope is to put into operation a facility for producing coal gas from low-grade brown coal (for example, salty coal). At the brown coal conversion outfits of Espenhain and Deuben, as well as at the Boehlen combine enterprise of the Schwedt PCK [Petrochemical Combine], the gas-recirculation carbonization of brown coal briquettes is being improved, so that additional valuable chemical raw materials are being recovered. The gas combine of Schwarze Pumpe and the brown-coal conversion outfit of Lauchhammer are producing BHT [brown-coal high-temperature] coke, which has an important role in carbide production and the metallurgical industry.

On the other hand, concrete plans for coal liquefaction are still at the initial stage in the GDR. Above all the procedures for making brown-coal fuel dust should be improved, since this can play an important role in finding replacements for heating oil in industry.<sup>30</sup>

Moreover, coal conversion is also of concern with respect to the energy economics involved. In the future, the efficiency of the energy conversion from transforming brown coal into electric power in thermal power plants is unlikely to go beyond the roughly 35 to 40 percent currently typical worldwide. But if synthesis gas (synthetic natural gas) is prepared from brown coal, then an efficiency of about 55 percent is definitely achievable. Therefore by 1990 the generation of synthesis gas is to have been increased by 40 percent over the 5 billion m<sup>3</sup> produced at present.<sup>31</sup>

In order to be able to achieve all the goals mentioned, by 1990 about 20 new strip mines must be opened up. However, that is not possible at the tempo typical up to



now--that is, a period of 6 to 8 years from the beginning of exploration work to the commencement of coal extraction. Therefore, the average times for opening up new mines are to be shortened to between 3 and 4 years "through scientific-technical measures of preparation and through the concentrated input of capital expenditures"--according to Minister Mitzinger.<sup>32</sup> Surely this will be successful only if capital expenditures and workers are shifted on a large scale from other economic sectors into the brown-coal mining sector. Clearly the medium-range and long-range planning for this sector is still resting on quite unsteady foundations:

Whereas at the end of February 1981 Minister Mitzinger put at 16 the number of newly opened workings needed by 1990, in a radio interview which was broadcast in January 1981 he gave a figure of "about 20" as the number of new strip mines needed to be opened for the period from 1981 to 1985 alone--that is, he set a considerably higher goal.<sup>33</sup> We can see that even the first-mentioned plan will not be realized easily, bearing in mind that in the entire projection period of 1975 to 1980 it proved possible to open up just seven strip mines, and in the period between 1949 and 1980 a total of only 30--although at times within this period brown coal mining did not have as high a priority. However, in view of the high production levels and the relatively circumscribed areas of the separate coal fields in the GDR, new fields must be opened up constantly, simply because it is difficult to compensate for the decrease from strip mines which are being exhausted. Of the roughly 35 producing strip mines in the mid-1970's, about a third had been mined out by 1980. Of the roughly 30 functioning strip mines at present, probably 11 will be mined out by the end of the 1980's.<sup>34</sup>

Over the long term the brown-coal district centered hitherto around the bezirks of Leipzig and Cottbus may also undergo an expansion. The latest geological explorations have revealed that in the northern areas of the GDR one can expect relatively large brown-coal beds as well.<sup>35</sup> These beds have not yet been considered in the already-mentioned reserve deposits of the GDR, and possibly they will improve the country's energy base from the turn of the century on. Thus, in the long run also, brown coal will have a secure position in the GDR's energy balance.

The efficiency of this sector may yet be affected in a positive way by developments in the machine-building sector which manufactures the heavy equipment for brown-coal mining. In the past the GDR's brown-coal mining industry encountered problems particularly often in this area. In an article published in July 1981, the great difficulties this industry was facing are touched upon:<sup>36</sup>

"The new higher standards placed on the output capacity of the heavy equipment for strip mining, on its productivity, weight, cost, microelectronic accouterments, and so forth, have not by any means met with an immediate understanding by everyone in the party machinery and among the work force. In some cases goals were questioned even because, for example, a work backlog of several months was created in setting up the large rotary bucket excavator for the Welzow-South strip mine...."

To be sure, the TAKRAF combine which is active in this sector, with 40,000 employees, seems to have developed into an efficient industrial undertaking with a promising export potential. Heavy equipment from this combine has already been exported to Austria, Sweden, Spain, Italy, Greece, Mexico, Brazil, Argentina, and other Western countries. Moreover, October 1980 was the date of the formation of the Brown-coal Facilities Construction Combine, whose headquarters are in Regis-

Breitingen and which is concentrating above all on constructing conveyor-belt systems. Moreover, it is also going to make use of freely programmable robots. Since among other places, brown coal mining is to be increased notably also in Poland, the CSSR, and Hungary, in this sector as well additional efficiency improvements could be achieved within the framework of CEMA cooperative efforts.<sup>37</sup>

At the end of the first half of 1981, Minister Mitzinger announced the exceeding of the plan by 3.4 million tons of raw coal. Even assuming that it is at all possible to achieve an annual output of 300 million tons of brown coal by the end of this decade, still this can succeed only if workers and investable resources are withdrawn from other industrial branches on a considerable scale. It must be questioned whether this is compatible with the executing of other target programs, for example in the sectors of electronics, machine-tool manufacture, and metallurgy.

#### FOOTNOTES

1. See DIE WIRTSCHAFT 4 (1981), p 23.
2. See Hans Koehler: "The Prospects for Oil Refining and Petrochemistry as Well as for Coal Chemistry in the GDR," in: CHEMISCHE TECHNIK 3 (1981), p 112.
3. NEUES DEUTSCHLAND (ND) of 9 April 1981, p 3.
4. ND of 12 April 1981, p 7.
5. Oekonomisches Lexikon, Part A-G, 3rd edition, Berlin (East): DIE WIRTSCHAFT 1978, p 391.
6. See NEUE BERGBAUTECHNIK 6 (1981), p 367.
7. See Klaus Strzodka, Richard Steinmetz, and Werner Golczyk: "Problems With Future Technological Developments in the Brown Coal Strip Mines of the GDR," in: NEUE BERGBAUTECHNIK 10 (1979), p 537; DER BAU of 15 November 1980, p 8.
8. See DIE WIRTSCHAFT 4 (1981), p 23. For comparison purposes: The brown-coal stocks of the Rhine coal field, which contains about 90 percent of the FRG's reserves, total roughly 55 billion tons, of which about 35 billion tons are commercially recoverable. These reserves are sufficient for about 300 years, although not considered in this calculation are the increasing land-procurement problems in the densely populated Rhine district--see DIE WELT, 26 March 1980, p V.
9. See ND of 24/25 January 1981, p 3, and of 15 January 1981, p 3; TRIBUENE of 9 January 1981, p 3.
10. See ND of 8 December 1980, p 1, and of 30 January 1981, p 3; DER BAU of 15 November 1980, p 8.
11. See ZEITSCHRIFT FUER DEN ERDKUNDEUNTERRICHT 6 (1981), p 240.
12. See TRIBUENE, 14 January 1981, p 3, and 16 March 1981, p 1; ND of 30 September 1980, p 3.
13. See ND of 24/25 January 1981, p 1; NATIONAL-ZEITUNG (GDR) of 25 February 1981, p 6. As a comparison: The Rhine coal field furnished about 63 million tons

in the years 1940 and 1950. Since 1974 the annual output has leveled off at 110 to 120 million tons. Here as well, great efforts are to be made over the long term. From the year 2000 on, the strip mines of Frimmersdorf and Hambach are to produce 45 to 55 million tons per year each, the strip mine of Inden 20 to 25 million tons. Thus Rheinbraun (Rheinische Braunkohlewerke AG) has at its disposal substantially more concentrated deposits than the GDR does. See HANDELSBLATT of 10 November 1980, p B14.

14. See DIE WIRTSCHAFT of 12 July 1979, p 24; PRESSE-INFORMATIONEN of the press office for the chairman of the GDR Council of Ministers (in what follows called "PRESSE-INFORMATIONEN") of 5 August 1980, p 2. The Rheinische Braunkohlewerke AG has in use 16 rotary-bucket excavators and 19 stackers. See HANDELSBLATT of 10 November 1980, p B14.
15. Back in 1955 Rheinbraun already had at its disposal heavy equipment with a capacity of more than 100,000 m<sup>3</sup> daily. In the Rhine coal field today, a total of five equipment assemblies are being used which have a daily output of 200,000 m<sup>3</sup> to 240,000 m<sup>3</sup>. See HANDELSBLATT of 10 November 1980, p B15.
16. See PRESSE-INFORMATIONEN of 5 August 1980, p 3; TRIBUNE of 9 January 1981, p 3; ND of 24/25 January 1981, p 1, of 6 May 1980, p 1, and of 29 July 1980, p 1.
17. See Klaus Strzodka et al, loc. cit., (footnote 7), p 538.
18. See BERLINER ZEITUNG of 14/15 March 1981, p 13; Peter Gerlach, Albrecht Meltzer: "Rationalization of Locomotive Haulage," in: NEUE BERGBAUTECHNIK 1 (1981), p 37.
19. See PRESSE-INFORMATIONEN of 24 February 1981, p 2; BERLINER ZEITUNG of 14/15 March 1981, p 13.
20. See BERLINER ZEITUNG of 11/12 October 1980, p 3, and of 14/15 March 1981, p 13; ND of 8 April 1980, p 3, and of 9 December 1980, p 3; NATIONAL-ZEITUNG of 29/30 November 1980, p 3. So far, Rheinbraun is in a better situation than this. At present, 3.0 m<sup>3</sup> of overburden must be extracted here per ton of recovered raw brown coal, although in the strip mines of Hambach I and II the figure is already 6.9 m<sup>3</sup>.
21. See DIE WIRTSCHAFT of 12 July 1979, p 24; PANORAMA DDR of 1 August 1978, p 10; ND of 11/12 July 1981, p 9. In the case of Rheinbraun as well, about the same amount of water accumulates in the pits.
22. See BERLINER ZEITUNG of 11/12 October 1980, p 3; NATIONAL-ZEITUNG of 29/30 November 1980, p 3; WOCHENPOST of 6 June 1980, p 16. At Rheinbraun they are already extracting coal from a depth of 520 m, since very thick seams are found there.
23. See DIE WIRTSCHAFT of 12 July 1979, p 24; WOCHENPOST of 6 June 1980, p 16; BERLINER ZEITUNG of 10 November 1980, p 3.

24. See ND of 15 January 1981, p 3, and of 14 November 1980, p 2; BERLINER ZEITUNG of 22/23 August 1981, p 3.
25. See [ND?] of 14 January 1981, p 3; RADIO DDR I on 28 April 1980, according to RIAS-MONITOR of 28 April 1980, p 7; ND of 9 April 1980, p 3, and of 24/25 January 1981, p 3. See also, for example, the data in the TRIBUENE of 9 January 1981, p 3.
26. Peter Gerlach et al, loc. cit. (footnote 18), p 39.
27. ND of 27 February 1980, p 3.
28. Compare BERLINER RUNDFUNK on 14 January 1981, according to RIAS-MONITOR of 14 January 1981, p 5.
29. See BERLINER ZEITUNG of 16 June 1981, p 3; PRESSE-INFORMATIONEN of 24 February 1981, p 2.
30. See DIE WIRTSCHAFT 4 (1981), p 23; ND of 18 February 1981, p 3.
31. See PRESSE-INFORMATIONEN of 24 February 1981, p 2; HANDELSBLATT of 10 November 1980, p B15. In the Rhine coal field, the initial startup of the first synthesis gas factory is scheduled for around 1990.
32. See PRESSE-INFORMATIONEN of 24 February 1981, p 2.
33. Compare BERLINER RUNDFUNK on 14 January 1981, according to RIAS-MONITOR of 14 January 1981, p 5.
34. See TRIBUENE of 16 September 1980, p 5; WOCHENPOST of 6 June 1980, p 16; PANORAMA DDR of 1 August 1978, p 8f; ND of 24/25 January 1981, p 3.
35. See BERLINER ZEITUNG of 14/15 March 1981, p 13.
36. Hans Wetzel: "Political Leadership--Economic Achievements," in: EINHEIT 7 (1981), p 665.
37. See DIE WIRTSCHAFT of 4 June 1981, p 12.

12114

CSO: 2300/110



STATE BUDGET FOR 1982 PUBLISHED

Budapest MAGYAR KOZLONY in Hungarian No 80, 21 Dec 81 pp 1279-1280

[Law No III/1981 on the 1982 Budget of the Hungarian Peoples Republic]

[Text] Having regard for the provisions of Law No II/1979 on State Finances, the National Assembly has enacted the following law:

Principal Amounts

Section 1

The National Assembly adopts the 1982 budget of the Hungarian People's Republic in the following amounts:

491,500,000,000 (four hundred ninety-one billion five hundred million) forints of total revenue,  
506,500,000,000 (five hundred six billion five hundred million) forints of total expenditure, and  
15,000,000,000 (fifteen billion) forints of deficit.

Breakdown of Total Revenue

Section 2

Taxes and other payments by operating enterprise organizations, but not including social-security tax, will amount to 344.765 billion forints or 70.1 percent of total revenue.

Section 3

Social-security taxes and pension-fund contributions paid by operating enterprise organizations, budgetary organs and the population will amount to 71.750 billion forints or 14.6 percent of total revenue.

Section 4

Taxes and fees payable by the population will amount to 9.6 billion forints or 2 percent of total revenue.

Section 5

Revenues of budgetary organs will amount to 33.036 billion forints or 6.7 percent of total revenue.

#### Section 6

Various revenues from international financial relations, domestic credit operations and other sources will amount to 32.349 billion forints or 6.6 percent of total revenue.

#### Breakdown of Expenditure

#### Section 7

Expenditures on investments, on aiding the investment activity of agricultural co-operatives, on supplementing the development funds of the local councils, on aiding private housing construction, on providing working capital in conjunction with individual state investments, on supplementing the development funds of individual enterprises and large-scale farms, and on central stockpiling, may amount to 55.290 billion forints or 10.9 percent of total expenditure.

#### Section 8

Tax refunds and aid to support the production and commodity circulation of operating enterprise organizations may amount to 152.942 forints or 30.2 percent of total expenditure.

#### Section 9

1. To finance the tasks of budgetary organs, the budget allots 158.310 billion forints or 31.3 percent of total expenditure.
2. The amount specified in Paragraph 1 may be spent as follows:

For health and welfare tasks, including the maintenance of hospitals, clinics and other institutions for in- and out-patient care, for the protection of mothers, infants and children, for public health and epidemiology care, for other health and welfare objective, and for subsidies to holiday resorts--25.529 billion forints or 5 percent of total expenditure;

For cultural tasks, including the maintenance of elementary and secondary schools, higher-educational, scientific-research, cultural, artistic, child-welfare and student-welfare institutions and sports facilities--47.088 billion forints or 9.3 percent of total expenditure;

For defense--20.05 billion forints or 4 percent of total expenditure;

For the maintenance of law and order--12.516 billion forints or 2.5 percent of total expenditure;

For central and local public administration--8.22 billion forints or 1.6 percent of total expenditure;

For the highway- and bridge-maintenance, municipal- and community-economy, agricultural, water-conservation and other economic tasks of budgetary organs--32.268 billion forints or 6.4 percent of total expenditure;

For the renewal of the budgetary organs' fixed capital and their other tasks--12.639 billion forints or 2.5 percent of total expenditure.

#### Section 10

The amount that may be spent for social-security tasks, including family allowances, sick pay, child-care and other cash allowances, health-care services, pensions and other services, is 97.345 billion forints or 19.2 percent of total expenditure.

#### Section 11

An amount of 42.613 billion forints or 8.4 percent of total expenditure is earmarked for international financial obligations, for the servicing of domestic debts incurred in years past, interest payments and other budgetary tasks.

#### Estimates of the Central Budgetary Organs

#### Section 12

Within the amounts specified in Section 1, for the central budgetary organs that comprise separate budget headings the National Assembly sets their relations with the state budget at 1.668 billion forints of transfers to the state budget, and 94.913 billion forints of aid from the state budget, in accordance with Supplement 1 [not available].

#### Local Councils' Operating Budgets and Development Funds

#### Section 13

Of the state subsidy to the operating budgets of the local councils pursuant to Law No IV/1980, Section 16, Item c, 35.147 billion forints is due; and of the state subsidy to the local councils' development funds pursuant to Section 17, Item c, of the aforementioned law, 15.971 billion forints is due.

#### Section 14

A breakdown of the 1982 state subsidies to the local councils' operating budgets and development funds--by the Budapest Municipal Council, the megye councils, and the councils of municipalities with megye status--is presented in Supplement 2 [not available].

#### Section 15

The state subsidies set for the Budapest Municipal Council, the megye councils, and the councils of municipalities with megye status, have to be increased or reduced if the deficit from shared sources of revenue exceeds 3 percent, or if the surplus from such sources of revenue exceeds 4 percent.

#### Sundry and Final Provisions

#### Section 16

The procedure outlined in Section 17, Paragraph 2, Item a, of Law No II/1979 on State Finances must be followed to amend the estimates contained in Sections 2, 3, 8 and 10.

#### Section 17

1. The Council of Ministers is hereby authorized to withhold from the budgetary organs of local councils the state aid for the operating costs when such aid becomes superfluous as a result of cancellations or delays in the case of lump-sum investments.

2. The Council of Ministers may delegate to the minister of finance the authority pursuant to Paragraph 1.

## Section 18

To balance the deficit pursuant to Section 1, the National Assembly hereby authorizes the Council of Ministers to obtain a loan, respectively to issue state bonds and deficiency bills that are sold by banks and are covered by the time deposits of operating enterprise organizations. The terms of the state bonds and deficiency bills must be set so that the depositors' right of disposition will not be affected.

## Section 19

The present law becomes effective the day of its promulgation. The Council of Ministers will see to its implementation, through the minister of finance.

Signed: Pal Losonczi, chairman Imre Katona, secretary  
of the Presidential Council of the Hungarian People's Republic

1014  
CSO: 2500/109



HUNGARY FACES SHRINKING CAPITAL, TIGHTENING CREDIT CONDITIONS

Budapest FIGYELO in Hungarian 16 December 81 pp 1, 7

[Article by Matyas Timar: "Our Credit Policy in 1982"]

[Text] The government recently approved next year's economic plan and the rough draft of the state's budget estimate as well as the guidelines of its credit policy, all of which were worked out by careful consideration and orchestration of internal and external economic conditions. These guidelines reflect priorities which, since 1978, have characterized our economic policies: the pursuit of strengthening stability, the preservation of the present standard of living and improving the economic efficiency of labor and machinery. Because of these priorities, and also in accordance with the principles of national policy, credit is to be extended, basically without interruption, for

--improving production mechanisms,

--improving salary scales,

--fulfilling national obligations,

--rational use of energy,

--creating conditions to collect and utilize waste and less important raw materials and

--betterment of the people's food supply.

In the following lines I wish to write about those essentially new features which primarily characterize the Hungarian National Bank's policy toward enterprises and cooperatives.

Less Credit for Investment

Because of the present economic conditions, there are fewer opportunities than during the past year for investment with credit. Instead of the 24 billion forints paid in the previous year the Hungarian National Bank, in 1982 can provide only 22.5 billion forints of investment credits. The obligations to repay previous loans exceed this amount by almost two billion forints. Therefore, credit reserves for investment

purposes will have to be somewhat smaller. Of the 22.5 billion forints, about 10 billion are set aside for expanding the manufacture of basic commodities which are saleable on every market. Most of the 22.5 billion are committed to the repayment of credit authorized last year and the year before, hence the fewer credit-extension opportunities for new projects in 1982. The amounts approved for the rational use of energy and the exploitation of waste and less important raw materials were 1.5 million forints respectively. Because of the many credit grants in 1981 which promoted these two objectives and which also served to recover investments to boost exports and reduce imports, we are assuming that the demand for these objectives is substantially greater than what the above-mentioned would indicate. In contrast, the expected for the rational use of energy and investment into energetics is four billion forints and that for the exploitation of less important raw materials is one billion forints.

Of course, the funds serving the latter two goals are not easily distinguishable. The criteria for credit are essentially the same. The Bank, with funds set aside for the above two goals, prefers requests which first of all meet the credit requirements and which also boost, or are in the process of boosting, exports.

The sum of the so-called sectorial credit appropriations exceeds seven billion forints. For the most part, these appropriations aid in the realization of various agreements within the socialist commonwealth and in the development of centralized programs. They also finance investments which serve the greater fulfillment of the needs of the population. The basic costs of expanding hotel construction alone amount to nearly 3 billion forints.

#### Tightening Credit Conditions

Since our credit opportunities are becoming fewer, the tightening of credit conditions was felt justified. Greater selectivity is to be exercised in the endorsement of companies and for this reason we are raising the profit-bearing minimums of approximately one percent. In connection with this increase we are also raising the interest rate by one percent. Thus, the highest interest rate for investment purposes is 11 percent which is still lower than the interest rates for credit in more developed Western countries. We must anticipate that in the future our credit policy will be in a truer alignment with the influence of foreign money markets.

Our preference to recover loans with interest is still in effect and in some respects has become even more desirable, especially with projects having to do with the rational use of energy and the exploitation of waste and less important raw materials. To a certain extent, the need to recover investments into the growth of exports also became more exacting. Investments must be recovered in foreign currency within 4 years even from companies enjoying preferential time extensions. (Previously, this length of time was longer.)

It is common knowledge that credit serves to complement the investor's own financial strength. Although since 1981 there are no required preconditions for the rate of flow of a company's own financial sources, the bank will work towards the endorsement of this idea and towards the gradual withdrawal of free sources for expansion purposes.

It is also widely known that some branches of industry and other enterprises experienced a rather high growth rate. This is what justified the acceleration of the repayment of previous credit from companies and cooperatives whose growth became

substantially, higher than originally forecast at the time of the issuance of credit. Naturally, the bank must act with a high degree of discrimination in the evaluating economic opportunities.

In 1981 the interest rate on savings was also raised. Although there will be no new increase in interest rates, existing interests (savings deposited for 2 years, for example, grow at 9 percent) will encourage saving and in some instances the delay of some capital expenditures as well.

#### Realistic Inventories

There are still notable opportunities to improve our inventory management. The level of our inventories compared with the level of production, unlike in countries more developed than ours, is too high. For this reason our enterprises, cooperatives and the bank must do everything possible in order to attain more realistic inventories. In connection with this goal, enterprises must finance their circulating funds entirely on the basis of their ability to expand. For such companies the bank provides exceptional credit to the extent of 50%, unless the company in question exports in significant quantities or is in the process of rapidly increasing the volume of its exports.

The bank will also evaluate the short term requests for circulating funds by companies and cooperatives on the basis of the management of their surpluses. With these credit restrictions (i.e., the shortening the length of time for repayment) we wish to induce companies and cooperatives to take into consideration at the time of planning their purchases only their minimal needs for production and marketing or, in other words, to abstain from production for which no order has been placed.

The main feature of our economic relationships and international payments is our unalterable striving toward stability. It is well known that a few years ago of our negative foreign trade balance with capitalist countries caused distinct problems. The results of the past 3 years in this area, however, are not to be underrated: basically, we achieved a state of equilibrium and we can anticipate an adequate balance this year as well. As far as the future is concerned, our foreign trade still has a good number of difficulties to contend with. The present chronic inflation, economic stagnation and growing protectionism of capitalist economies further limit their ability to absorb new markets, thus making our export activities difficult. In order to achieve a state of near equilibrium in our foreign trade balance we need, among other things, higher quality and more modern products, more disciplined delivery [schedules] more precise pricing and better marketing.

In the past, in order to realize our development goals, above all with a consideration to boost exports, we had consistently assumed middle and long term loans on international money markets. Our obligations to pay off these loans with interest were always properly discharged, primarily with the sale of equivalent exports which, manufactured in satisfactory quantities and qualities, were made possible by the very funds that were obtained from these credits. So too, in 1982, we are counting on foreign credits in order to realize the necessary funds needed to strengthen our export structure. The difficulties experienced on the commodity markets though in different forms, made themselves manifest on the international money markets as well. We believe, however, that our accommodation to changing conditions, the stabilization of the country and the changes carried out in the direction of our economic mechanisms and in the structures of production all contribute to the attainment of credit transactions that are in accordance with our plans.

However, we must not lose sight of the fact that the influence of our economic policy depends on the effectiveness of our economic achievement. With our present stage of development we cannot significantly influence external conditions. In order to accomplish our plans, there is an indispensable need, in addition to increasing our own level of efficiency, to improve the international climate in the political as well as in the economic spheres.

1300

CSO: 2500/94



## HUNGARY

### WORLD ECONOMIC ENVIRONMENT JUDGED HARSH

Budapest NEPSZABADSAG in Hungarian 30 Dec 81 p 10

[Article by Andras Koves, head of main department, Business and Market Research Institute: "Difficult External Conditions. Our World Economic Environment at the End of 1981"]

[Text] For some time now, Hungarian economic policy has been based on the premise, that the unfavorable changes affecting the external environment of our economic development are not just temporary, and that the harsh conditions that had evolved by the end of the 1970's will be with us for a long time. Consequently, our success in improving the economic balance and preserving our existing standard of living will depend on our own economic performance.

Our international environment is constantly moving and changing. While in general our purchasing and marketing possibilities could be characterized as "unfavorable," we should point out that the development of economic conditions, trade and the market prices of various raw materials in different countries and blocs has been extremely diverse. At the same time, once in a while we also find favorable processes taking place in areas where earlier forecasts had indicated not only harsh, but for a long time significantly worsening conditions, and conversely, occasionally we find unfavorable developments occurring in places where only recently we had not expected conditions to deteriorate or at least not as seriously as we should have.

Whatever their signs may be, it is important for us to be able to respond to these changes continuously. In addition to creating an economic environment here at home that will compel our enterprises to adjust, this will depend first of all on our ability to establish a flexible economic policy, which is able to draw proper conclusions--by changing traditional views if necessary--from temporary or lasting changes affecting our external conditions.

### Developments in the Business Cycle

The economic recession that began in the West in 1980, has become more drawn out than expected. It is true, that in Japan only the rate of growth has declined, and that in the United States, following the recession at the beginning of 1980, in the third quarter of last year we saw the beginnings of an economic recovery, and in early 1981, the American economy was characterized by intensive investment activities, particularly in the areas related to energy and high technology. By

mid-year, however, this upturn came to a halt, presumably because of high interest rates, the major impact of which has been felt in housing construction, but which has also hurt investments in general. Today even the American government has conceded that the economy is slipping into a new recession.

In Western Europe, the recession which had begun in 1980, continued to worsen during the first half of 1981. Production levels--especially in industry--were lower than a year before in virtually every country. This recession was caused by significant new oil-price increases in 1979 and 1980, and by restrictive economic policies which consider inflation as public enemy No 1, aiming to reduce it even at the cost of an economic recession.

However, the protraction of the recession has, in part, also been due to the way external conditions have developed: i.e., to the significant revaluation of the dollar this year, against the currencies of Western Europe (between December 1980 and July 1981, for example, it was revalued against the DM by 24 percent), and to high American interest rates. The revaluation of the dollar has made imports from outside the continent very expensive for Western Europe. Therefore, despite the stagnation of prices expressed in dollars, it has had to pay much more for its oil-imports than before. Although, as a result of the devaluation of their currencies, the competitive position of their exports on the world market has improved, their views considering inflation-fighting as the primary task, coupled with exchange-rate fluctuations, have made the economic policies of the Western European countries more restrictive direction. American interest rate policies, which have contributed to keeping European interest rates high, have also played a role in this. The reason for this is that the various governments and monetary authorities have chosen to use high interests to control capital outflow and to prevent further devaluations of their respective currencies against the dollar.

#### Out of the Recession?

These kinds of developments in the Western European business situation, have brought about certain changes in international commercial trends this year, which have been unfavorable for us. Although in 1980 there was already a quantitative decline in the imports of the developed capitalist countries, at that time this was the result of a drop in overseas demand. In 1981, however--according to data we have available so far--the recession has affected those Western European imports, among the industrial-commodity imports, which comprise 90 percent of our trade with the West.

Are we going to see, in the near future, the beginnings of a recovery in Western Europe from the present recession? Most experts seem to be saying a cautious "yes" to this question. In their opinion, while a further worsening of the business situation is unlikely, the growth which is expected to replace this year's stagnation in the Western European economies will be very sluggish and moderate at best, amounting to about 2 percent. After this year's slump, their industrial-commodity imports will increase once again. Whichever way we look at it, from the point of view of our export possibilities, this is a positive prospect. It does not mean, that we do not have to continue to prepare ourselves for fierce competition on the world market; what it does mean, however, is that depending on how well we are able to improve the macro- and micro-structure of our exports and the various other conditions which determine our competitiveness, we can even achieve an increase in our capitalist exports.

What, among other things, will enable Western European countries to get off this low point is the fact, that exchange-rate conditions have been more or less straightened out (the revaluation of the dollar ended in August), and that exports--the price conditions of which have developed favorably from the point of view of the Western European countries, since the beginning of the year--will once again be able to play a business-stimulation role. What might help to smooth the way for this export-offensive, is the fact that even during the recession, several blocs of the developing countries that have come to play an increasingly greater world-economic role--i.e., the OPEC countries, non-OPEC member oil producers (such as Mexico) and the so-called newly industrializing states--have continued to have a dynamic economic development and, therefore, dynamically expanding industrial-commodity imports.

In addition, despite the recession, through 1980 and 1981, the developed capitalist countries have continued to make rapid technical advances, and have shown intensive investment activities, especially in the branches connected with the introduction of the most modern technologies, which has also had an effect on the economic situation as a whole.

#### Oil Market Prospects

Among the factors that have helped to enhance the recovery, we have to mention the oil market situation. Since spring, there has been such a glut of oil on the international market (a surplus of 2 to 4 million barrels a day), that the OPEC countries have been forced not only to cut back production, but also to lower their prices. In order to prevent any further deterioration of its position, OPEC was forced, at the end of October, to set its price levels according to the conditions laid down by the Saudis (\$34 per barrel), which will remain in effect through the end of 1982. Therefore, the oil-importing western countries do not have to worry about oil-price increases in the near future, and the weakening of external inflationary effects will help to create better conditions for stimulating economic activities.

From the point of view of the oil-importing countries, including our own, the possible long-term developments of the oil market are more important than these world-market oil price developments which occurred in 1980 and 1981. The question, therefore, is whether the oil-glut has been the result of business-related, or other--structural--factors. Naturally, the recession in the business situation has contributed to the creation of the oil-glut, and has prevented the oil-exporters from being able to one-sidedly assert their demands. Undoubtedly, however, the improvement of the business situation (although in the near future we can hardly expect a significant recovery) may lead to an increase in the demand for oil.

#### Structural Effects

Other--and not necessarily business-factor related--economic processes, however, have played an important role in the creation of the 1981 oil-glut. Among these, it is the developed capitalist countries commitment to energy savings and to more effective energy utilization, which are the most worthy of mention. Their 1980 energy consumption has dropped down to their 1973 levels, while at the same time, their gross national product had grown by 19 percent. In the area of energy

consumption, advances have been made in finding alternative sources of energy to replace oil, while in the area of oil consumption there has been a growing emphasis on domestic production at the expense of imports from the OPEC countries, thus reducing the proportion of those imports.

Indicating even further savings-potentials is the fact, that up until 1977 the United States--which even today accounts for almost one-half of the developed capitalist countries' energy consumption--had still shown enormous increases in its oil imports. Since then, however, America's oil-import dependence has dropped by more than 40 percent. In 1980, simultaneously with the decontrol of domestic oil prices, in just one year, there was an 8 percent decline in oil consumption and a 20 percent drop in oil imports.

#### Energy-Saving Technologies

In other words the decline in the West's energy-consumption levels has been the result of an already started--although by no means completed--structural transformation, the spreading of energy-saving technologies, "rationalizing" (and not so much capacity-expanding) enterprise investment policies, and to a considerable extent, also of energy-savings on the part of the population induced by more rapidly spiraling increases in oil prices. There are signs, that by continually transforming their production and consumption structure, the capitalist countries have made some advances toward eliminating the kind of one-sided consumer-dependence on the producers, which twice during the past decade led to an explosion of oil prices. We can even expect, that given the high price of oil, this recovery in business will materialize precisely in terms of rapid structural transformation and a continued development of energy-savers and oil-substitutes.

#### The Situation of the CEMA Countries

The economies of our most important economic partners, the CEMA countries, have been developing under complex and difficult conditions. The Polish crisis, the seriousness of which is clearly shown by the fact, that this year industrial production has dropped by more than 10 percent, has caused serious tensions in providing supplies to the population, as well as maintaining the country's foreign-economic ties.

Looking at these countries as a whole, we find that in 1980 there was a continuation of the slowdown in the rate of economic growth that had become a universal trend since the mid-1970's. Last year, the growth of industrial production was smaller than at any time before, and in 1978, industrial growth has been very moderate once again. There have been growing difficulties in expanding the production of heating- and raw materials, there has been a slowdown in the growth of such--from the point of view of domestic economic development, CEMA cooperation and capitalist exports so vitally important--branches, as oil- and coal production, iron- and steel industry, lumber- and paper industry, etc.

In all likelihood, the 1981 agricultural performance of several countries will turn out to be unfavorable; consequently, as in previous years, we are going to be forced--in certain countries perhaps even more than before--to import grains and other foodstuffs. Therefore, our foreign-economic problems will continue to be with us.



Since the slowdown of economic growth has also affected several branches that produce commodities which also occupy an important position in Hungary's CEMA imports, it will--despite our efforts--also limit the growth of those imports.

But, since our balance of trade within the CEMA is continuing to worsen (in spite of the fact that the continuation of the shift in price-ratios in the favor of oil has failed to materialize), and since our partners are striving for a more balanced exchange of goods, the volume-growth of our exports will have to exceed that of our imports. And all of this has to be done under conditions when, due to a general decline in the rate of growth, the socialist market is becoming less and less able to absorb sub-standard quality products, which cannot be sold on other markets.

In all probability, therefore, the tasks facing us in 1982 in view of these external conditions, are not going to be any easier than they have been--as far as either our socialist or our capitalist trade is concerned--, and the only way we can fulfill them, is by using foreign-economic policy measures and methods, which are appropriate for solving the problems of today.

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## FARMS PREPARING TO COPE WITH NEW REGULATIONS

Budapest NEPSZABADSAG in Hungarian 15 Dec 81 p 3

[Article by Istvan Almasi: "Preparing for the Future"]

[Text] The directors of Vas and Gyor-Sopron megye state farms, at their meeting about the economic operating conditions for next year did not applaud the regulation changes which would reduce their profits by many million forints if they produce at the current year's level and with current efficiency.

Because of reductions in the milk premium, the increase in energy costs, the increase in shipping charges, the raising of the SZTK [Trade Union Social Insurance] contribution and a series of other measures the costs of production will increase considerably, or rather, the returns from operating will decrease. It is true, however, that next year the large farms will receive a price subsidy of 6 forints per kilogram of beef they sell. Moreover, they are also due 60 forints per hundred kilograms for grain produced in excess of the last 5-year plan's average plus 10 percent. Thus the returns would counteract a portion of production cost increases--but only a portion of them.

### A Higher Standard

According to calculations, the regulation changes will take 26 million forints of profit away from the Lajta-Hansag State Farm. This is quite a substantial amount, if for no other reason than the fact that the profit is expected to be around 70 million forints on this year's monetary scale.

Despite all this, not a single complaint was voiced at the meeting. This was not because the constraints will not cause headaches, but because of the farm directors' awareness and understanding that the government is not making such decisions out of glee.

On the initiative of the National Center for State Farms, farm directors discussed the changes and the tasks not only in Vas and Gyor-Sopron, but throughout the whole country. It was observed at these meetings that the possibilities for development and progress were everywhere in the forefront.

The farm directors are well aware--since information about the changes that are taking place in the world economy are abundantly available to them--that above all, international economic life has become more severe. Demands have arisen on the world

market--where we must sell significant amounts of agricultural products--to which we can adapt only through rather logical operational changes.

Our economic progress and the continued development of our agriculture depend to a great extent, on the magnitude of the adaptation capacity of our production units. The economic regulations are endeavoring to bring this lofty international standard closer to the everyday reality of agriculture--while keeping the strength and performance capacities of the farms in mind. For years now, this approach has been accompanied by steadily increasing constraints.

#### Necessary Adaptation

In the Szombathely State Farm, the tightening economic regulations have taken away 4 million and 8.3 million forints in 1980 and 1981 respectively--always on the basis of the previous year's performance. For next year--calculated on this year's production--the regulations now coming into effect will reduce profits by 12.4 million forints. Anyone aware that the actual profit of this state farm in 1979 was 7.8 million forints could legitimately infer that after these deductions they are now operating at a loss at Szombathely. In reality, however, they closed out with a profit of 13.4 million forints in 1980, despite the deductions. According to data which can be considered sufficiently reliable, there will be a profit of 12.4 million forints this year. For next year, a profit of 12 to 13 million forints is projected, according to current calculations.

What is observable at Szombathely is true for state farms as a whole. In 1979, Hungarian state farms achieved a profit of 3.2 billion forints. Last year, the monetary balance of agriculture showed net receipts of 3.7 billion forints. This year, according to preliminary data, the profit will exceed 4 billion forints. Thus, while the monetary conditions of agriculture became more stringent the aggregate of enterprise profit increased. The constraints which multiplied the money management problems of state farm directors were rather effective incentives to the overcoming of the difficulties which appeared at the beginning of the year.

It is legitimate to conclude that whenever a portion of the agitating elements of economic policy were replaced by agricultural elements originating from economic regulation, much more happened towards innovations in production and operations than before. The internal management organizations of farms, the incentive system within farms and the sphere of activities in production changed considerably.

Initiative and entrepreneurial skill, because of which the overwhelming majority of farms has been able to adapt themselves to changing economic conditions year after year could only have developed through enterprise self reliance.

We have more or less succeeded in achieving the stage at which the primary consideration in the majority of decisions today is the effect of the decision on effectiveness, profit and economic efficiency. That is to say, if the profit derived from this year's labors provides the means for generating the appropriate funds--development, wages, social policy, etc.--then the prospects for agriculture will also be assured. If not, then agriculture will become drudgery, and most of all, the vitality of its leadership can be questioned.

The economic regulations have taken into account the performance capacities of the farms when the stringencies were enacted. If this year's regulations had gone into

effect 3 years ago, it is certain that state farm profits would have suffered unusual decline. As a consequence, development and other funds would have been reduced, there would have been hopelessness and a significant portion of the enterprises would have collapsed. Today, however--since even the perspective of farm leadership is completely different than it was 3 years ago--the constraints are felt to be tolerable.

#### Realistic Plans

The directors of the state farms of the two megye's, Vas and Gyor-Sopron, arrived at the meeting with preliminary plans which contained their chief conceptions for the coming year. Thus, at the suggestion of their national center, immediately upon being acquainted with the regulations they calculated how much of a burden the new regulations are putting on them, and considered how the amounts to be withheld could be counterbalanced in their monetary balance. This was successful in most cases--at least in their plans.

The planned steps affected many areas in each farm. Those from Szombathely, for example--since the reduced milk premium and production price are still incentives in this direction--are planning to increase milk production by 300 liters per cow next year, after having already done the same for this year. Those from Lajta-Hansag are planning to increase milk production per cow from 4,900 to 5,000 liters next year. In grain, instead of the previous 5 year average plus 10 percent, or 37,500 tons, they are planning a production of 44,850 tons for next year. Thus they will be able to acquire more than 2.1 million forints in grain premiums. In addition to increasing the average yield, they are increasing the growing area for barley by 250 hectares in the spring. The growing area for corn is also being increased by the same amount. The Kisalfold State Farm increased the growing area of wheat this fall by 450 hectares with the same intentions.

Every farm is developing plant growing and animal raising, thereby endeavoring to utilize methods which lead to better yields. Sheep raising at the Sopron AG [State Farm] has long been a losing proposition. Good results were achieved by the shepherds receiving 18 percent of the branch earnings as their income. At the Csepeng AG animal feeding costs will be reduced by one million forints next year through the utilization of corn in the crushed ear instead of dried form.

At the Sarvar slaughterhouse they are planning to butcher and process 20,000 hogs next year--compared to 12,000 this year--through the more vigorous organization of small scale hog raising. The Fertod Farm will further refine the production structure of its well known canned goods in accordance with market demands. Nearly every farm is expanding its activities to include services and industrial cooperation. At the Rabamenti AG a gravel sorter is being put into operation, and negotiations are being held for installing weaving machinery. The Kisalfold AG hopes to perform work valued at 28 to 30 million forints through cleaning engine blocks for Raba.

The creative spirit--at least according to the tone of the discussions of the state farm directors--is unchanged. This perhaps is the greatest promise for next year and the future.



## IMPROVEMENTS IN LIVING STANDARD OVER 30-YEAR PERIOD

Bucharest REVISTA ECONOMICA in Romanian No 52, 25 Dec 81 pp 10-11, 13

[Article by Reader Dr Costinel Lazar: "Evolution of Higher Living Standard"]

[Text] Socialist construction on Romanian soil, a fruit of the heroic and selfless effort and creative purpose of all workers regardless of nationality under the party's far-seeing leadership, has been and is, as the indisputable facts show, a glorious path and a constant and rapid advance to ever higher levels of progress and civilization. It is the path of development and modernisation of the productive forces and all economic sectors, the path of greater economic effectiveness, and the path of achievement of the masses' noble ideals and aspirations in keeping with the best interests of their material and cultural welfare and their wide access to the fruits of modern culture and civilisation.

The supreme goal of the party's whole socioeconomic policy and revolutionary strategy is to build a society focused on the individual, his welfare and happiness, and provision for every opportunity for complete fulfillment of the human personality and the new, revolutionary humanism peculiar to socialism. Nicolae Ceausescu pointed out, "It is one of the major concerns of the party and state to provide for constant improvement of the people's material and cultural living standard alongside socioeconomic development and growth of the national income and national wealth."

The party's and state's theory and practice in the constant improvement of the people's living standard and quality of life are based on the urgent need to develop the economy as a whole and to obtain high productivity from the expenditure of material and manpower resources. The intensive effort toward modernisation and efficiency deeply involved in development of the economy both geographically and by sectors since the Ninth RCP Congress, the long-range approach to the whole series of particular objective and subjective, domestic and foreign conditions under which the work of socialist construction is done in Romania, and the exacting revaluation of both the successes and failures of socioeconomic activity have enabled Romania to become a socialist state with a modern industry and an increasingly advanced agriculture operated throughout the entire nation while expanding its resources for bold but profoundly realistic objectives in the improvement of the Romanian people's standard of material and cultural welfare.

The RCP's entire economic policy and the precise provisions and fulfillments of the plans and programs for socioeconomic development combine in one uniform and

harmoniously integrated whole the aspects of economic growth and development with the social aspects of improvement of the masses' standard of living and socialist civilization. In the recent five-year plans, including the one for 1981-1985, special measures and programs were prepared for the living standard in the course of a comprehensive approach, in one indivisible whole, to the objectives of overall economic development together with the social ones of constantly improved welfare. This was and is intended for improvement of the quality of life in all its components, development and fulfillment of the human personality, assertion of all Romanian citizens' full equality of rights regardless of nationality or the area and community where they live and work, and their increasingly wide access to the fruits of socialist civilization.

Exemplary and punctual fulfillment of the provisions of those programs in their entire complexity and scope, even when the Romanian economy was faced with grave difficulties caused by natural factors and unfavorable developments in the world economy demonstrates the RCP's far-reaching, mobilizing capacity, the people's heroic work for a strong and vigorous development of the economy, and the profound identification of the aims of the party's and state's socioeconomic policy with the highest interests of all classes and categories of workers. While many countries of the world, including the economically highly developed ones, are not discussing the problem of further growth of incomes and consumption so much as that of maintaining the level of consumption that has been reached, and while many western countries are faced with galloping inflation, escalation of chronic unemployment, and the masses' insecurity about the future, the aims and tasks in the Directive-Program for Improvement of the Living Standard and Further Improvement of the Quality of Life ratified by the 12th RCP Congress, which objectives have already begun to materialize, essentially indicate the great capabilities for progress and civilization that Romanian socialism embodies.

#### Growth of the Public's Incomes and of Sales of Goods

Thanks to steady development and modernization of industry, continuing gains in agricultural production, rapid development of the other sectors, and intensive growth of the national income, the public's cash incomes are showing a constantly rising evolution. Some indicators in absolute magnitude show that the average monthly net wage of working personnel increased from 337 lei in 1950 to 1,289 lei in 1970 and 2,238 lei in 1980. Peasants' nominal net incomes per employed person also show high growth rates, from 167 lei a month in 1950 to 571 lei in 1970 and 1,373 lei in 1980. All these absolute increases were accompanied by increasingly close dependence of remuneration upon work actually performed and the results obtained and by provision for an equitable ratio among the incomes of the various categories of workers.

Consequently the distribution of working personnel among average wage groups was radically changed. While the proportion of working personnel paid up to 1,300 lei was 83.8 percent in March 1965, it was 61.5 percent in March 1970 and only 3.8 percent in March 1980. On the other hand the proportion paid between 2,001 and 2,500 lei increased from 1.6 to 5.4 and 28.8 percent respectively in the same years and that paid over 2,500 lei increased from 0.5 to 2.9 and 22.6 percent respectively. Those figures show a considerable leap in growth of incomes from labor thanks to the historic successes in development of the national economy and improvement of the living standard. Due to the increased nominal wages of all categories of workers, with gains far above the original provisions in the preceding five-year plan, the increased number of working personnel, and the creation of many new jobs in all

counties and communities of Romania (Working personnel increased from 2,123,000 persons in 1950 to 7.34 million in 1980), the volume of the public's total cash incomes in the socialist sector increased rapidly. They rose from about 15 billion lei in 1950 to 279.7 billion lei in 1980.

Workers receive large direct cash incomes from the social consumption funds via the pension system, state allowances for children, scholarships, compensations for illness and other aids. The levels and total volume of those incomes have undergone a pronounced evolution with the rise of the nation's economic potential and the attainment of higher parameters of quality and efficiency. In 1980 the outlays for social-cultural programs out of the state budget were 21 times greater than in 1950 and about 3.4 times greater than in 1965. They increased per capita from 211 lei in 1950 to 3,197 lei in 1980, that is by 15 times. On the other hand the sums allocated to state aid for children and the funds for state social insurance underwent an accelerated evolution, while the average monthly pension of state social insurance pensioners for the age limit and complete length of service increased from 898 lei to 1,335 lei. In addition to all this, the public receives large sums out of the funds for social-cultural purposes allocated by the cooperative and public organizations according to the charter provisions for the operation of those organizations.

As we know the growth of nominal incomes is not automatically reflected, under any circumstances, in the improvement of the living standard but depends upon the evolution of the purchasing power of those incomes. Accordingly, thanks to control through the plan of the evolution of the price level of consumer goods and the evolution of the rates for services to the public, the public's real incomes steadily increased along with the growth of the nominal incomes. Meanwhile the regular effort to make the public's incomes correspond to the volume, structure and adequate variety of goods and services is an essential aim of the provisions of the programs to improve the Romanian people's welfare. In other words, the necessary balance is struck between the value form and the natural-material form of the resources society can allocate to meet the needs of its members. The figures on the evolution of the real wage, the public's total real incomes, the real per capita incomes and the retail sales of goods through socialist trade make this balance abundantly clear (Table 1).

Table 1. Evolution of Some Main Indicators of the Standard of Living (in percentages)

	1980	1980	1980	1980
	1950	1965	1970	1975
Real wage (total personnel)	418	185	154	129
Public's total real incomes	639	256	196	134
Real per capita incomes	470	220	179	128
Retail sales of goods via socialist trade	15 times	314	215	146

Source of figures: Statistical Yearbook of Romania 1981, pp 93-96.

Corresponding to the increase in incomes, the volume of retail sales of goods through socialist trade showed a steady evolution as well as structural qualitative changes. It was 15 times greater in 1980 than in 1950 and about 3.2 times greater than in 1965 while the per capita increase was by 12 and 2.5 times respectively.



Proportions and correlations like the foregoing are also quite striking in the current five-year plan, as a regular feature of the RCP's social policy. Thanks to production development and a considerable gain in effectiveness, in 1981-1985 the average nominal wage of working personnel will reach 2,792 lei by the end of the period, showing a 24.8 percent increase from 1980, and the real wage will be up 15.5 percent. At the same time peasants' real incomes from labor on CAP's [Cooperative Farms] and private farms per employed person will be up 16 percent. The incomes collected by the public from the social consumption funds will show major gains of about 12 percent in the average real state allowance for children and about 10 percent in the average real social insurance pension, while the pensions of CAP members and other categories of pensioners and the aids to children of CAP members will be increased at the same time. Consequently the total volume of the public's real incomes will be up 19 percent, the total volume of sales of goods will be up 26 percent, and that of services will be up 76 percent.

Gradual application of the measures to raise the wages and incomes of the other categories of workers according to the decisions of the 12th RCP Congress will begin in 1982. An increase in the retail prices of a number of products will also begin in 1982, according to the plan provisions, the requirements of a better correlation between costs and prices, and a closer correlation of the prices with the increases in wages and incomes. This will be done in such a way that the increase in the public's real incomes stipulated by the 12th RCP Congress will be provided for throughout the five-year plan.

#### Increased Consumption and Improvement of Its Structure

The continuing rise of the Romanian people's living standard is directly reflected in the increased consumption of services and of industrial and food products, accompanied by major structural changes in consumption as it goes through new stages in satisfaction of the needs of the members of society and as production is increased and diversified and the purchasing power of all categories of the public is enhanced.\*

As for food consumption, Romania is now one of the first 10 countries in the world in the number of calories per capita (In 1980 consumption of calories was 3,368 and consumption of proteins was 100.8 grams). Moreover Romania equals some developed countries in average annual per capita consumption of textiles, ready-made clothing and footwear. Supply of the public with consumer durables has increased rapidly and the demand for products meeting cultural and intellectual needs and those of professional instruction is growing, as well as the demand for services (The volume of services rendered to the public by the socialist units rose from 9,386,000,000 lei in 1965 to 43,646,000,000 lei in 1980).

The documents of the 12th RCP Congress call for a duly rational consumption by the public according to the requirements for the individual's healthy development. The provisions of the Five-Year Plan for 1981-1985 accordingly specify increased consumption of food products by the public. Note in this connection the measures taken to improve the structure of food consumption by reducing the proportion of bread grain products and increasing the proportion of animal products with a high nutritional value such as meat and meat products as well as the proportion of vegetables. This will provide new and important prerequisites for a scientific, rational diet for the entire people that is also rich in high-quality nutritive substances. The structure of consumption of nonalimentary products has also been expanded and improved by a more plentiful supply of consumer durables and a rapidly growing volume of services to the public accompanied by diversification of their quality. In connection with the foregoing we note that the Program for Regional Self-Management and

\*See Table 2.



Self-Supply To Provide the Public with Agricultural Products of Animal and Vegetal Origin in the 1982-1985 Period is accordingly an important document concerning the alimentary policy and reflecting a strict long-term alimentary strategy.

### Better Conditions for Personality Development

As a direct expression of full implementation of the principles of revolutionary socialist humanism and all-around development of the personality, the party's policy of improving the entire people's welfare has consistently pursued a veritable revolution in the fields of education, science and culture, improved technical-occupational training, and indoctrination of workers in the socialist ideals and a high sense of responsibility for the nation's socialist prosperity. The workers receive a large part of their social remuneration in these many ways.

Table 2. Per Capita Consumption of Some Products and Supply of the Public with Consumer Durables

1	UM	1950	1963	1970	1980	1985
<b>Consum pe locuitor 2</b>						
Carne și produse din carne	4 kg	16,7	26,6	61	62	62,5
Lapte și produse (exclusiv unt) din lapte	5 l	107,6	163	111	180	230
Ouă	6 buc.	39	113	142	270	300
Zahăr și produse din zahăr	kg	6,9	13	19,3	28,2	30
Legume și produse din legume	kg	43,6	71,3	97	140	183
Țesături (inclusiv confeccii)	7 mp	13,2	16,3	19,3	28,7	30,9
Încălțăminte	8 per.	0,62	1,97	2,6	3,3	3,8
<b>Bunuri de folosință îndelungată la 1 000 locuitori 3</b>						
Aparate de radio	buc.	121,9	178,7	250,7	300	
Televizoare	buc.	28	61,8	200,7	236	
Frigidere	buc.	21,3	31,7	156,2	192	
Mașini de spălat rufe	buc.	22,9	43,8	102,2	133	
Autoturisme	buc.	1,2	6,4	28,9	44	

- |  |                  |
|--|------------------|
| 1. Unit of measure                         | 3. Refrigerators |
| 2. Per capita consumption                  | Washing machines |
| Meat and meat products                     | Passenger cars   |
| Milk and milk products (except butter)     | 4. Kilograms     |
| Eggs                                       | 5. Liters        |
| Sugar and sugar products                   | 6. Pieces        |
| Vegetables and vegetable products          | 7. Square meters |
| Textiles (including clothing)              | 8. Pairs         |
| Footwear                                   |                  |
| 3. Consumer durables per 1,000 inhabitants |                  |
| Radio sets                                 |                  |
| TV sets                                    |                  |

Thanks to rapid expansion of the material base of education, the school population came to 5,585,821 persons in the last school year, or more than one-fourth of the total population, compared with 2,319,196 persons in the 1950-1951 school year. The number of pupils per 10,000 inhabitants increased from 1,267 in the 1950-1951 school year to 2,007 in the 1980-1981 school year, and the number of students from 32 to 87. From a country with a very high percentage of illiterates, Romania has now reached levels above those of many developed countries through generalization of the 10-year schools (first stage of high school) and through the present and long-range extent of high-school, occupational, expert and higher education, in addition to intensive development of the material base of culture and art and the extensive access of the members of Romanian society to the treasures of science and culture.

These achievements, which are a veritable title to glory for the socialist order the Romanian people are building, are the result of society's sustained material efforts. The allocations out of the state budget to education increased from 1,302,400,000 lei in 1950 to 17,691,200,000 lei in 1980. The outlays on culture and art increased respectively from 230 million lei to 1,180,700,000 lei. New measures will be taken in this five-year plan to improve the activity of education, culture, physical education and sports.

Society has made and is making particular efforts to develop the material base of health protection and of both the therapeutic and preventive networks. In 1980 there was one physician to 558 inhabitants compared with 1,047 in 1950. The number of beds for medical care per 1,000 inhabitants increased from 2.2 in 1938 to 4.2 in 1950, 7.6 in 1965, and 9.4 in 1980. These indicators are comparable to those of a number of economically developed countries and even higher in many cases. In 1985 there will be 2.4 physicians, dentists and pharmacists per 1,000 inhabitants.

The party policy of constant improvement of the quality of life is directly reflected in housing construction, a very extensive process in the last three five-year plans and at present. By the end of 1980 about 2 million apartments had been built out of state funds, including over 1.6 million in the 1966-1980 period. It is estimated that about 70 percent of the Romanian population moved into new houses in the last 30 years. The cities and villages of Romania have been radically renovated, providing the workers with increasingly good living conditions. In continuation of these highly important aims, 900,000 dwellings will be built out of state funds in 1981-1985.

As social production is modernized and labor productivity is enhanced, conditions are created for further improvement of working conditions and reduction of the work week. Implementation of the program to reduce the work week in two stages began in 1978. The shift to the 46-hour work week will be completed by the end of this year and the 44-hour work week is to be generalized by 1985.

Romania's truly historic achievements during the years of socialist construction on behalf of the entire people's material and cultural welfare and all-around development of the personality, the outstanding progress made in this respect in the decade of 1971-1980, and the prospects for the current five-year plan directly depend upon the political and organizational work of the party, which is honorably fulfilling its historic mission as a leading political force of Romanian society. All this emphatically demonstrates the fact that all that is accomplished in Romania is for the people's welfare and happiness, which is the essence of the party's policy.

## EVOLVING ROLE OF AGROINDUSTRIAL COUNCILS EXAMINED

Bucharest AGRICULTURA SOCIALISTA in Romanian 28 Nov 81 p 9

[Article by Emilian Albulescu]

[Text] Taking action toward achieving the strategic goals incorporated into the party Program, the plenary session of the CC of the RCP held on 1 February 1979 adopted, upon the initiative and with the decisive input of Nicolae Ceausescu, new measures to upgrade agricultural management and planning, to create the state and cooperative unified agroindustrial councils and to boost agricultural production. In this context, promoted were advanced, revolutionary principles, forms and methods which conform with the imperative needs of the current stage of development, in regard to: ensuring the unified leadership of all agricultural sectors, on all its organizational echelons; stepping up the process of concentration and integration of production, of specialization of units and subunits, as prerequisites of agricultural modernization and rise in the efficiency of farm output; sensible and uniform use of the technical-material base made available to agriculture; intensification of the process of integration of research and education with production, for the purpose of more rapid introduction of technical advances, of scientific gains in the practice of agricultural units; upgrading and improvement in the training of specialized personnel, of all workers in agriculture, in compliance with the needs of modernization of agricultural production, of the technical-material base and of techniques for plant growing and animal raising.

During the period that has elapsed since the creation of the unified agroindustrial councils, on the instruction of the party secretary general, a set of measures was taken in regard to: organization of the unified sectors of mechanization, chemicalization, horticulture, transport, utilization of land resources developments, and the like; establishment of rules on the relationships between the stations for mechanization of agriculture and the agricultural units within the framework of agroindustrial councils; establishment of unified rotation systems for the various crops, regardless of land ownership. At the work session discussing the various agricultural issues, held in Brasov on 9 January 1981, measures were outlined with regard to the enhancement of the role of agroindustrial councils as plan coordinators: election of the ablest people to the leading bodies of these agencies, as chairmen and vice chairmen (respectively, as chairmen of the executive bureaus); strengthening of each council with another 3-4 experts with various specialities; assignment of officials of the Agricultural Bank to the various councils for monitoring the implementation

of the new economic-financial mechanism; upgrading of the activity of contracting and procurement; location, within the framework of the councils, of some food industry enterprises, and also the organization of a number of sectors of construction and production of construction materials; creation, at the level of the agroindustrial council, of a party committee to coordinate political activity.

For the purpose of increasingly solidifying the agroindustrial councils, based on the directives set by the Second Congress of the Peasantry, these agencies were re-sized: by reduction in their number from 710 to 558, the average area of the councils increased from 18,400 hectares of farmland and 13,200 hectares of arable land to 23,400 hectares of farmland and respectively, 16,800 hectares of arable land. Accordingly, the number of stations for mechanization of agriculture was reduced as well. As part of this measure, powerful units were created and the area of each IAS [State Agricultural Enterprise] tied in with one agroindustrial council.

New measures to upgrade the organization of unified agroindustrial councils were also outlined at the Work Conference on Agricultural Issues held on 29 August 1981 and at the recent plenary session of the National Council for Agriculture. They involve: improvement in the activity of IAS and CAP [Agricultural Production Cooperative]; enhancement of the role of general assemblies of state and cooperative agricultural units; strengthening of the responsibility of experts at all levels and trips of these experts to the basic units, to concrete work; elimination of red tape and orientation of the activity of all agricultural county bodies toward direction and practical guidance of agricultural production units. Criticizing the erroneous tendency to create an excessive number of so-called intercooperative or state and cooperative economic associations, that result in a greater number of unproductive personnel, of office workers, remove specialists from production, increase costs, solidify bureaucracy, impair the responsibility of basic units and have adverse effects on production, Nicolae Ceausescu stated: "Let us structure the operation of unified agroindustrial councils as coordinating organs and organs for the organization of work, not as organs for substitution of the activity of cooperatives or IAS." "The IAS, the agricultural cooperative, continue to be the basic units. They bear the responsibility and must manage the entire activity." Moreover, measures were outlined concerning improvements in the organization of SMA [Station for Mechanization of Agriculture], to the effect of full integration of mechanization in IAS and CAP, some changes that will be made in the system of payment for work done by SMA, including the firm implementation of the overall contract system which will be binding for machine operators, cooperative members, workers, and specialists.

The unified agroindustrial councils have been allotted special tasks in implementing the objectives of the new agricultural revolution, in developing and modernizing production in all the units that belong to them.

Now, during the wintertime, great attention needs to be paid to: thorough analysis of all the activity conducted by councils and units in the first year of the five-year plan, spotlighting of the pluses and minuses, for the purpose of disseminating the positive results and, respectively, eliminating the shortcomings; wise formulation of the production plans and income and expenditure budgets of agroindustrial councils and component units, in accordance with the tasks devolving upon them for 1981; organization of work teams and conclusion of engagements under the overall contract system, so that, from 1982 -- as requested by the party secretary general --



the incomes of all workers in agriculture should be tied to the results of work, to the outputs that are obtained; completion of winter plowing and storage of all the harvest; overhaul of tractors and farming machines for the spring.

Moreover, the agroindustrial councils must take care of: finalization of the unified restructuring of the territory and crop rotations, so that they may ensure a better location of crops and sensible use of irrigation systems; completion of the programs for irrigation, drainage, erosion combating, improvement of podzols and salt and sandy soils; determination of the amounts of products that will be delivered to the state fund and taking of all the measures that guarantee their obtaining. To this end, much attention ought to be paid to thorough preparation of general meetings, creation of conditions for ampler consultation and greater involvement of the masses of working people, of cooperative members, in the activity of managing each unit.

The councils of FDUS [expansion unknown], ODUS [expansion unknown], and CAP, the bodies of collective leadership in units and agroindustrial councils are urged to provide an even greater input into the wise utilization of every plot of land, of every resource, into the elimination of any kind of waste, into the development of profitable activities that ensure the highest possible profits, with the aim of implementing self-management and self-financing in each unit. In the overall agriculture it is necessary to establish a climate of complete order and discipline, to reinforce the spirit of responsibility in production of workers, experts and managerial personnel.

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## ROMANIA

### AGRICULTURAL DEVELOPMENT PLAN FOR 1982 DISCUSSED

Bucharest REVISTA ECONOMICA in Romanian No 48, 27 Nov 81 pp 9-10

[Article by Ovidiu Popescu]

[Text] The draft plan for the development of agriculture and the food industry for 1982, approved by the plenary session of the CC of the RCP and submitted for debate and adoption as a law to the Grand National Assembly directs all the activity in this area toward intensive expansion of agriculture, one of the basic branches of the Romanian economy, for the purpose of ensuring proper supplies of farmfoodstuffs to the population, the required amount of raw materials to industry and meeting other economic needs.

The recent plenary session of the National Council for Agriculture, the Food Industry, Forestry and Management of Waters -- a democratic leading body of all peasantry -- examined in a thorough manner, with spirit of responsibility and strictness, the implementation of this year's plan in agriculture and outlined the steps that are required to exemplarily fulfill the 1982 plan, which ought to represent a firm step in boosting the output of farm foodstuffs, in achieving the new agricultural revolution.

The year 1981, versus the prior year, marked increases in some basic plant outputs, some animal herds, facts that ensure the proper implementation of the supply plan provisions. Nevertheless, the results obtained cannot be regarded as satisfactory, they did not fully match the conditions created for agriculture.

In his address at the plenary session of the National Congress for Agriculture and in the program document which his speech at the plenary session of the CC of the RCP constituted, Nicolae Ceausescu made a wide-ranging and profound analysis of the deficiencies and shortcomings that manifested themselves, of the inadmissible situations in our agriculture. He indicated the measures that need to be promptly taken in plant production, in animal raising, the food industry, improvement in land resources, in the mechanization sector, in agricultural research, in the organization and management of the entire branch -- from the ministry up to the units -- in order to ensure, under this five-year plan, beginning in 1982, an agriculture placed on scientific bases, with high efficiency, and matching the potentialities that exist in Romania.

In light of the guidelines and directives given by the party secretary general, of the appeal addressed by the National Council for Agriculture to all units in Romanian agriculture, to all villagers for the exemplary fulfillment of the tasks devolving upon them in 1982, the workers in this branch have the patriotic duty to focus their efforts on eliminating the shortcomings in terms of wise utilization of lands and of the technical-material base, in the organization of production and work, in the style and methods of work.

We now have an advanced and continuously expanding technical base. It must be wisely used for on-time and quality performance of all the operations incorporated into the techniques involving the planting periods, plant density, the manner of conducting all the basic farming procedures. Moreover, there are sufficient amounts of choice seed and seed from multiplication I and II, and also productive hybrids that meet current needs.

In terms of animal raising, we have relatively good livestock. It is necessary to reduce loss caused by mortality and necessity slaughtering, to boost the birth rate, the weight at slaughtering time and the level of average outputs. This involves ensuring satisfactory feed -- both in terms of quantity and quality -- for the animals, in the first place by cultivation and appropriate use of the large area of pasture-land and hayfields, and proper animal tending, strict implementation of sanitary-veterinary regulations, in order to obtain the planned productions. Cattle and sheep raising is expected to expand with priority in the hilly and mountain areas, for the purpose of better using the more than 4 million hectares of natural grazing land.

The general assemblies, the managing councils, all workers in agricultural units -- state and cooperative -- must firmly campaign for reinforcing order and discipline at every point of production, for enhancing strictness in implementation of duties, for fully asserting the sense of responsibility of each individual in relation to the asset entrusted by society for management.

Furthermore, far more attention must be paid to the training and advancement of personnel, to the overall use of the good experience gained by foremost units and the results of research.

#### Mobilizing, Realistic Tasks

As pointed out by Nicolae Ceausescu, "We must proceed from the fact that 1982 must lead to a radical change in our agriculture -- and this needs to materialize in the obtaining of at least the planned outputs; but we have the resources and we must plan to obtain higher outputs."

The 1982 plan anticipates the heightening of the process for the intensive expansion of agriculture, in compliance with the guidelines and tasks emanating from the documents of the 12th Congress and the plan for the development of this branch during the 1981-1985 period.

The starting point in working out the plan involved the level of actual potentialities existing in all the zones, in light of the more efficient use of land resources and of mechanical means, the implementation of the principles of self-management and self-supply, so that each unit may obtain great outputs, of a high quality, conduct a profitable activity, and end up its activity with profits.

The rise in the grain output remains the primary objective of agriculture, because the ensuring of adequate amounts of food and the expansion of animal husbandry depend on the level of this output. Moreover, there will be a rise in the output of sugar beet, sunflower, flax and hemp for fiber and other industrial crops, which will result in better meeting the needs for raw materials of the food and light industries to provide the population with prime necessities. The output of field vegetables and the output of winter potatoes will meet the local needs of each county. In grape and fruit growing new measures will be taken to increase the productive potential, by modernizing the existing orchards and vineyards and creation of new intensive and superintensive units. Special emphasis will be placed on fodder crops, to which an area of 1.2 million ha has been assigned, for the purpose of quantitative and qualitative upgrading of the fodder base. The outputs planned must be mainly obtained by maximizing the per hectare yield, by concerted measures to efficiently use the existing material base, to follow the techniques outlined and especially to perform all the operations during the optimal period and at a good qualitative level, in the context of per hectare plant density.

Animal raising will further involve a priority effort; its share is expected to reach 48% of the overall farm output. Significant rises are anticipated for animal herds, meat, milk and egg productions. The implementation of these tasks necessitates firm steps to upgrade the reproduction indices and specifically the birth rate, the considerable increase in the average outputs (specifically for milk) and the average weight at slaughtering time, and also to modernize the animal sheds and use mechanization for major procedures. Greater support will be given to private farms, by providing valuable breeding stock and technical assistance and guidance; cooperation projects will be expanded and diversified in the area of animal raising and fattening, for the purpose of fuller use of existing resources.

In the food industry, as a result of better utilization of existing production facilities and development and retooling of these units, and also as a result of higher efficiency, there will be great increases in the amounts of basic foods (meat, fish, milk, cheeses, and butter).

The comprehensive program for the development of agriculture and the food industry in the second year of the five-year plan also incorporates the completion of a greater amount of investment projects, chiefly focusing on provision of tractors, self-propelled combines -- multifunctional and with a high capacity -- for grain harvesting and other multipurpose farming machinery that will permit rapid mechanized performance of major works in agriculture.

In the area of improvement of land resources, primary matters involve the expansion and ensured proper operation of drainage and irrigation systems; the projects for combating soil erosion will be expanded. (The plenary session of the National Council for Agriculture also adopted a special program which anticipates that by 1985, the drainage systems will take up an area of 3.6 million ha, the irrigation systems 2.9 million ha, and additional soil erosion combating projects on slopes will be completed on 950,000 ha.).



## Goals and Responsibilities in Territorial Self-Supply

The program for territorial self-management and self-supply aimed at providing the population with animal and plant products during the 1982-1985 period -- formulated on the initiative and under the direct guidance of Nicolae Ceausescu -- is worked out in such a way as to constitute a new stage in upgrading consumption for the people, in accordance with the requirements of sensible nutrition.

Focusing on the firm implementation of the principle of self-supply, the program specifies a further significant rise in the average per capita consumption for meat and meat products, milk, eggs, fish, potato, fruit and table grapes, and so on. The increase in their share in nutrition will permit the reduction in the consumption of bread, flour, pasta and corn meal, so that the level of use of grain in animal husbandry may be increased and, consequently, the livestock output may be boosted. For the purpose of reaching the planned consumption levels and meeting other economic needs, the levels anticipated to be attained by the end of the five-year plan are as follows: for herds, a head of cattle of 100 kg (for meat) for 13-20 inhabitants -- respectively a cow with an output of 3000 liters of milk for 10-12 inhabitants, two pigs of 110 kg for 5 inhabitants, a head of sheep of 40 kg for 4 inhabitants, 15-18 fowls of 1.350 kg for one inhabitant.

The program contains measures for enhancing the role of the local organs of state power, for increasing their responsibility in proper provision of farm foodstuffs to the population. The people's councils, as organs of territorial self-management and self-administration, will work out programs for territorial self-supply and development of agriculture that will incorporate concrete tasks regarding production, local consumption, deliveries of products to the county consumption fund and the central state fund. In each commune, town and county determinations will be made in regard to the number of animals and areas for the various crops, the outputs that need to be obtained to ensure food consumption of the population in each locality and continuous upgrading of their structure. For the purpose of stimulating local bodies in increasing livestock production -- the basis for improving the food for the population, the entire increase obtained as a result of exceeding the weight at slaughtering time or the average output per animal will become an extra resource for the local consumption fund.

In order to enhance the involvement of the population in the implementation of the measures for self-management and self-supply, the program formulated by each administrative and territorial unit will be submitted for debate in the general assemblies of citizens and after adoption will become mandatory.

The basic condition for the attainment of the consumption levels planned per capita, for both the rural and town populations, involves more efficient cultivation of all the agricultural area and raising of animals and fowls at a level that matches the potentialities in each socialist unit and private farms. Therefore, all workers who hold agricultural lands must fully farm them and raise animals and fowls for both their own consumption needs and for obtaining surpluses of products with which they will contribute to the state fund.

The new measures adopted, the guidelines and levels in the 1982 plan center on the efforts of workers in agriculture, of central and local organs on fully utilizing the

potential existing in each branch. In the words of party secretary general Nicolae Ceausescu, "we have, in agriculture, all that is needed to go beyond the current state of affairs, in order to rapidly eliminate the shortcomings and to radically improve the entire activity, so that we may, as early as in 1982, demonstrate that Romanian agriculture, that working people, experts in agriculture are able and have the required strength to implement the decisions of the 12th Congress, to enhance the input of agriculture into the overall development of our socialist homeland, the improvement in the overall well-being of the people."

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PEOPLE'S COUNCILS FOCUS ON AGRICULTURE, INVESTMENT SECTORS

Bucharest ROMANIA LIBERA in Romanian 11 Jan 82 pp 1, 5

[Interview with Romeo Dragomirescu, vice president of the Committee for the Problems of the People's Councils, by Constantin Sirbu: "Priority Problems on the Agenda of the Sessions of the People's Councils: the Plan, the Budget, Self-Management and Self-Supply"; place and date unspecified]

[Text] In 1982, the people's councils will have to intensify their activities in the field of collecting and using reusable materials - metals, secondary materials and textile wastes, used mineral oils, reusable tires and waste paper. To this end, the executive committees and bureaus of the people's councils are required to take energetic measures in all subordinate units in order to intensify actions regarding the collection, sorting and turning over of reusable wastes stemming from their subordinate units, from household and street waste and directly from the people. They must more closely pursue and support the activities of the enterprises in the recovery and use of reusable materials for the purpose of providing the places and areas necessary for the appropriate placement of collection points in all housing areas; they must introduce strict measures so that the full amount of used mineral oils will be turned over to the collection enterprises from all units; they must adhere to the conditions for using tires up to the permitted limits that will allow the recapping of these tires; they must organize the controlled storing of household and street wastes, with the opportunity to sort the useful materials; and they must collaborate to a greater degree with all mass and public organizations, with housing associations, with young people and with the pioneers in actions to collection, turn over and use reusable materials.

In small-scale industries, they must pursue the achievement in-full of programs to increase consumer goods according to the classes of quality and to expand the production achieved under the conditions of using local resources of raw materials and recoverable and reusable materials to a maximum. The measures that will be taken in the sessions to approve the 1982 plan must be aimed at the elimination of the deficiencies that were uncovered the previous year when the planned physical production for construction materials was not achieved in some counties.

[Question] How will the people's councils have to work in order to implement the directives regarding the achievement of the program to increase agricultural, meat and milk production and to ensure contracts and acquisitions?

[Answer] Despite the good results obtained in agriculture in 1981, we must say that not all the resources of this branch of the economy were used the way they should have been. In order to ensure the conditions necessary for obtaining the planned agricultural production in 1982, it is necessary for each town, each state and cooperatist unit to take measures for the full use of agricultural land areas, the improvement of the production potential of the land by fully using the large quantities of natural fertilizers existing in agricultural units and on the people's farms and the more efficient use of chemical fertilizers, as well as transport vehicles and workshops which, although noted in records, are not always used. The executive organs of the people's councils will have to show greater concern for the better use of those products stemming from the people's farms in order to increase the number of animals on these farms, requiring all those persons who live in the villages to raise animals and work the land. They should also permanently keep in mind that the agricultural farms of the people also have a significant production potential and that the participation of this sector in the state fund can increase much more through contracting and acquisitions. With regards to increasing the amount of products delivered to the state fund by the state socialist and cooperatist units and by agricultural producers, the people's councils have a duty to make known to the people as best as possible those recently-approved normative acts that created stimulating conditions for all the categories of producers. Having everything that is needed to ensure the proper supply of the populace, the people's councils must be concerned with the drawing up of territorial self-supply programs and with the development of agricultural, including precise tasks regarding production, proper consumption and the delivery of agro-food products to the local consumption fund and the centralized state fund. As a result, the number of animals and areas for crops, as well as the production that must be obtained in order to provide a level of food consumption to the people, must be established in each town, each city and each county. All these objectives will have to be discussed beforehand in the citizens' meetings.

[Question] An important are is investments...

[Answer] Certainly. The people's councils' investment plan has increased to 29.8 billion lei, with a majority being held by housing construction. This year, 190,000 apartments will be built and for the purpose of developing the material base of education we are planning to put into use 7,835 new places in kindergartens, 1,455 classrooms, 18,430 places in boarding schools and 6,000 places in school workshops. In addition to this, the plan calls for 1,550 new places in child care centers, 13 dispensaries and clinics, 6,315 hospital beds, 5,150 movie theater seats and 4,200 places in cultural centers and clubs. There will also be an extension of the water system, the sewage system and the public transportation motorpools. In 1982, projects will be continued in the central areas of certain municipalities and cities, such as: Brasov, Buzau, Oradea, Miercurea Ciuc, Bacau, Deva, Satu Mare, Rimnicu Sarat and Rosiori de Vede. There will be a continuation of housing construction close to industrial regions and centers, as well as the continued construction of housing in the Valea Jiului and Oltenia coal mining basins and in those cities where new economic projects will go on-line: Calarasi, Drobeta Turnu-Severin, Falticeni, Odorheiu Secuiesc and Cernavoda. Similarly, housing projects must also be completed for those specialists who will live in the towns where they will work, as well as for those who want to build their own homes at their own expense, with the state's help in loans and materials.



Among the concerns of the executive committees of the people's councils, we should not forget the timely provision of the manpower necessary for the construction of housing and other projects in the plan, with the order being that by 15 February 1982 the contract-commitments will be concluded for carrying out projects under the overall contract agreement concept.

[Question] Since you mentioned services, could you tell us what they will involve this year?

[Answer] In the 1982 Sole National Economic-Social Development Plan, it calls for an increase in services to the public by 11.2 percent compared to 1981. The units of the people's councils have a significant portion of the overall services that the socialist units will offer to the populace. Moreover, it will be necessary for the executive organs of the people's councils to give attention to improving the services for the people within the framework of the community and housing administration units, the public transportation units and the recreational enterprises.

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## ROMANIA

### ELEMENTS OF ECONOMIC GROWTH IN AGRICULTURE

Bucharest REVISTA ECONOMICA in Romanian No 52, 25 Dec 81 pp 8-9

[Article by Dr Docent Dumitru Teaci: "Agriculture As an Element of Economic Growth"]

[Text] Harmonious development of all economic sectors is one of the first requirements for avoiding the discontinuities and disruptions that may occur particularly in periods of very rapid growth and that have extremely serious economic as well as social effects. Such periods of accelerated growth can occur only in climates of general peace and internal political-social stability free of disturbances disrupting the basic economic mechanisms and consequently the procurement of the economic and manpower resources to accomplish any very extensive objectives in any production sector.

Shaped and guided by the party's scientific policy, Romania's economic growth in the last three decades, and especially in the last 15-16 years, was one of the most accelerated in the world, showing increases by 3 to 50 times in most of the basic economic sectors within a period less than one generation.

The increases should be evaluated in the light of the base levels, especially in the case of the two basic elements, namely the production means and the labor force.

If we are to compare the two big directly productive sectors of the economy, industry and agriculture, taking the period of economic restoration since the beginning of the 1950's for example as the base levels, I would suggest the following evolution up to 1981:

#### Evolution of the Main Elements of the Production Process (in %)

	1950	1960	1970	1980
Proportion of employed population				
- Agriculture	74.1	65.4	49.1	29.4
- Industry	12.0	15.1	23.0	35.5
Evolution of fixed capital				
- Agriculture	100	127	213	482
- Industry	100	225	664	20 times

The above figures indicate that from the standpoint of the technical-material base of agriculture, the gains are relatively modest because the main production means was and still is the soil, the value of which must necessarily be taken into consideration because otherwise comparisons like those to the effect that agriculture increased by only 3 times in the value of its gross output, while other sectors increased by 20-30 times, are very much in error.

On the other hand, the declining proportion of the population employed in agriculture (from about 75-78 percent to about 25-27 percent of the total) also indicates a radical structural change in the Romanian economy.

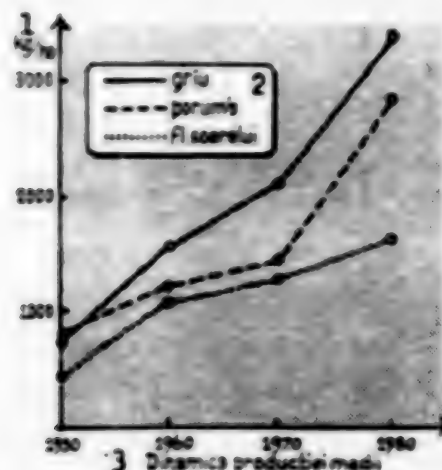
Some phenomena in connection with society's overall effort to meet the requirements for food and other products of agricultural origin should be studied in greater depth. Many studies and statistics show that only 4-6 percent of the employed population is in agriculture in the heavily industrialized countries, some of which meet their food requirement entirely out of domestic production and also have surpluses for export. But it is forgotten that the actual number of those directly or indirectly contributing to acquisition of the agricultural food products is really much greater and amounts to 34-35 percent of the total employed population, only 4-6 percent of which is in the "visible" sector while the rest is in the "invisible" sectors "upstream" and "downstream" from agricultural production properly speaking, in the so-called "service units" and even in the industrial sector producing goods essential to the output of the agricultural products.

In analyzing the elements of the economic growth of Romanian agriculture, namely scientific research and introduction of technical progress, land resources, tractors and agricultural machines (external), agrozootechnical constructions, labor force (number and occupational training), biological resources (animals and plants), and sources of chemization (external), we must determine the extent of their contributions to the growth rates obtained in order to determine how far each of them has contributed to a production increase by about 3 times, both physically and in terms of value, with a decrease of about 60 percent in the labor force. And in general that indicates an increase by about 5 times in the value of the output per worker remaining in the "visible" sector of agricultural production. The phenomenon calls for analysis in greater depth, since such gains cannot be made in any one economic sector considered in isolation.

Today we can say we have about four or five "nonagricultural" workers supplied by one visible "agricultural" worker, compared with five to six agricultural workers to one nonagricultural worker as there were 30 years ago. This reversal of the figures, which took place in only three decades, generally reflects one of the most powerful impacts upon agriculture and also upon the whole socioeconomic and structural situation, which in some cases had remained unchanged for many centuries.

It is difficult to quantify the elements that contributed to the economic growth of agriculture and to "isolate" each one's contribution, but it must be done if we are to analyze the causes and general trends and influences future policies and decisions.

Scientific research, technological development, and introduction of technical progress have made the greatest gains, both in research "power" in terms of the number of researchers and the value of the material base and in research results in the form of biological creations and new and modernized technologies. The new varieties and hybrids brought about the absolute increases indicated by the following graph:



1. Kilograms per hectare
2. Wheat  
Corn  
Sunflowers

### 3. Evolution of average yields

The replacement rate of the varieties and hybrids increased from about 15 years in the 1930's and 1940's to 5-7 years today. This means that 10-12 percent increases in productive capacity must be obtained in the latter period because that is the only way the new creation can be placed in cultivation.

In the 1950's Romania was producing 8-11 million tons of bread grains on a area of about 7 million hectares out of its approximately 10 million arable hectares, while today it is producing at least twice as much on an area of only about 6 million hectares, which is a real increase by more than 2.5 times in the average yield (from 1.2 to about 3 tons per hectare). Technical crops are raised today (sunflowers, sugar beets and soybeans) on the area of about 1 million hectares released from bread grains, and they yield a total value about 4 times greater per unit of area than that of the bread grains produced in the past.

Of course the influence of scientific research was not confined to development of new varieties and hybrids and improvement of the genetic reserve of livestock but also affected many other sectors, like knowledge, use and improvement of soil resources, better technologies, development of machines and tractors, and use of chemical fertilizers and means of controlling diseases, pests and weeds. Today we know much more about agricultural production and we can even obtain much higher yields than the present ones if we make proper use of all that is needed and is available to us.

What were the other elements of economic growth?

Romania's land resources have very diverse productive potentials and lend themselves to efficient measures to improve the latter. On the whole there have been no essential structural changes in the uses of the land, except for the occupation of a large area (about 500,000 hectares) by constructions and other nonagricultural and nonforestry capacities which, however, have been practically recovered through extensive



embankment and drainage projects, especially on the Danube flood plain and the inland flood plains and meadows. The most important impact upon the present productive quality was made by irrigating about 2.4 million hectares of the best soils, which became the main safety reserve of the entire output of bread grains and technical crops when they were "transferred" from the arid zone where the yield is not certain every year. Embankment and drainage of about 1.5 million more hectares made another major contribution to the stability of the present productive capacities of the lands that could produce high and relatively steady yields. But we must say in all responsibility that about one-third of the agricultural areas still have a very low productive potential, including both natural pastures and over 2.5 million arable hectares in the hill and foothill zones with podzolized and podzolic soils and extensive eroded and lapsed areas, where little and irregular action has been taken. A reasonable accounting of the effect of the efforts made on behalf of the land resources as a whole would show a relatively modest overall gain in the productive potential of the lands, especially as regards the permanent properties of the soil, which require sustained and concentrated efforts of many kinds.

Technical equipment and especially mechanization of agricultural operations showed the greatest change. In the period under consideration the technical equipment and the tractor and machine park increased in volume by 10-12 times, and the gain is even greater if we add in the changed quality of the equipment. Of course we must realize that the value of this equipment is relatively modest compared with that of the land and far from equaling or exceeding the latter. Some losses in the basic properties of the soil should also be noted, namely the decreasing humus content of irrigated soils, the growing acidity of soils heavily fertilized with nitrogen, and the structural deterioration and compression caused at points by excessive application of mechanized operations.

Expressed in terms of appraisal, the productive capacity of the agricultural lands averages about 40 points as a natural potential. The operations performed have added about 10 points more, so that it now amounts to about 50 points, with a gain of 20 percent.

The studies in technological description and appraisal made throughout Romania indicate real possibilities of raising the productive potential of the land by 23-25 points more, so that we could achieve an average of 72-75 points (out of a possible maximum of 100 points, ideal for the temperate zone in which we live) in Romania and accordingly expand the production base by 50 percent more than the present one.

This increase would require an investment effort of more than 600 billion lei in order to improve the nation's whole agricultural area by means of projects for drainage, irrigation, checking erosion and landslides, and intensive fertilization of sandy, saline and all other soils needing improvements. We can say in all responsibility that this would provide the resources for meeting the alimentary needs of the population increase that future generations will bring, in addition to the real possibility of recovering the investments made.

The effort to increase the productive capacity of the agricultural lands may be regarded as an absolute priority of the present and future periods, since the other increases in the effect of the productive factors depend upon it.

Machine and tractor supply: While the soil (as a production means) cannot be reproduced but only improved, the "mobile inventory" (consisting primarily of mechanical

equipment) can be increased up to the rationally and economically justified level. The spectacular increases (by 10 times in 30 years) Romania has made in the main equipment have released four out of five manual laborers in agriculture to other economic sectors, and they have also raised labor productivity by about 5 or 6 times in the period under consideration. In traction power, tractors have replaced over 2 million draft horses and oxen, permitting the fodder to feed them to be used to feed other productive animals to obtain meat, milk, wool and eggs.

Agrozootechnical constructions have also been greatly increased as the socialist reform of agriculture occasioned the "transfer" of livestock from each farm's modest individual constructions to new and modern stables and barns whose investment costs amount to many billion lei today. As modern production means, both the livestock shelters and the whole series of other constructions like greenhouses, storehouses, silos and installations for processing the products represent huge values created in the last few decades.

Biological resources (livestock and crops) have also been greatly increased, by about 2-6 times compared with the prewar situation as regards livestock species as well as plant varieties and hybrids and livestock breeds. Their quality has essentially improved and provided for much greater yields per unit of area and per animal. If we compare the per capita outputs of agricultural products quantitatively during the period under consideration, we find increases by 3-6 times in most of the products (bread grains, sunflowers, sugar beets, meat, milk and eggs), while the population increased by 1.3 times in the same period, so that the general increases are to be taken at their real quantitative value on the national level.

The sources of chemization, namely the quantities of fertilizers and pesticides used in agriculture, have increased by 20-30 times -- a figure practically beyond comparison with the base years of the 1950's. Although those resources, as well as the agrozootechnical machinery and constructions, are to be regarded as coming from "outside" the sector, their effect upon growth has been considerable and the present outputs would be inconceivable without them. Better yields can be obtained by using more live labor, by cultivating the less fertile soils in the hill and mountain areas more carefully, and by exploiting the resources of natural fertilizers.

In general and on most lands in Romania, one unit of active content of a chemical fertilizer produces a gain equivalent to 5 or 6 units in the case of bread grains or a gain of 6-8 feed units in the case of fodder crops. In terms of meat, 1 ton of fertilizer can provide for 1 ton of meat. Therefore the contribution of chemization to growth of the volume of agricultural products is very considerable. Unfortunately we do not yet have the approximately 4 million tons of chemical fertilizers needed annually for a consumption of about 250-270 kg per agricultural hectare (including pastures), which would also provide for better use of the hydraulic resources we have.

The other chemization means, herbicides, insecticides and fungicides, also contribute heavily to increased production (15-20 percent of the harvests of the main crops, according the specialists on the subject) and especially to the release of a large part of the labor force needed to care for the crops, while also protecting the crops from diseases and pests.

And finally the labor force, its quality and the way it is used have been radically changed. As agriculture was modernized the number of workers in that sector was

drastically reduced, yet even today there are still about 5 hectares of agricultural land to one agricultural worker, about 1.5 hectares of which are in natural pastures and only 3.5 hectares in more intensive use.

Accordingly an available labor force to completely meet the requirement in any season would seem to be sufficient, but because of the high peaks that occur, especially in certain seasons, it is still necessary to resort frequently to forces outside agriculture.

As an element of growth, the labor force component requires occupational training in keeping with the demands of modern agricultural science and technology. Except in general, present-day agriculture no longer resembles traditional agriculture. The same products are produced by apparently similar processes, but by quite different means. And while traditional agriculture is taught in millions of family "schools," modern agriculture must be learned in trade schools, which are no simpler than those in other economic sectors, but the reverse.

In conclusion we should consider the problem of the extent of growth, posed by the limitation of agriculture's "external" resources and especially its energy resources. Agriculture existed for millenia before the petroleum era and it will also exist after it, but how and by what means? That will not be a concern of agricultural workers alone.

Such vital problems are faced by the new agrarian revolution, which the party and state administrations and Nicolae Ceausescu himself regard and are promoting as an extensive technical, organizational, economic and social process. Agriculture is accordingly advancing as a primary component of economic growth in the effort of all Romanian society to place Romania among the ranks of the developed countries.

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CSO: 2700/132

# SPECIAL STEELS PRODUCTION PROGRESS, PROBLEMS VIEWED

Bucharest REVISTA ECONOMICA in Romanian No 48, 27 Nov 81 pp 7-8

[Article by V. Boescu and C. Barnea]

[Text] The chief characteristic of the expansion of our metallurgical industry in recent years involves orientation toward a modern structure, respectively the production of high-grade steels and rolled products, in great demand with the machine building industry. For the purpose of obtaining essential changes in this area, adequate measures were taken in all metallurgical combines, concurrently with the construction in Tirgoviste of a large unit specialized in making products out of special steels. The switch, in the metallurgical industry, from an activity focusing on quantity to another, focusing on quality permitted the arrangement for the production of new brands of steels and greater outputs in terms of high-grade steels. Of course, the advances being made on a world scale and the increasing demands in the utilization of metals with superior features, that allow greater endurance and reliability of products, concurrently with smaller gauge, necessitate further intensified activity of the Romanian metallurgical industry in terms of arrangement for the production of the whole range of products from special steels.

## Quality, Dynamizing Factor of All Activity

A special issue in the activity of large metallurgical units this year involves greater concern with boosting quality metal production by stepping up the arrangement for the production of new brands of steels and rolled products shapes, in accordance with the overall economic needs. Some of the projects involved focus on an arrangement for the production of items out of steels and nonferrous alloys required by the aeronautical industry, heavy water plants, turning out of steels for heavy ball-bearings, production of flat items and sections for OLTCIT cars, of special shapes, of a wide range of welded and unwelded tubular products, sheets, strips and pipes out of stainless steels for the chemical and machine building industries, new kinds of ferroalloys (ferrochrome) and so forth.

The first 9 months of this year saw the achievement in this field of 43 objectives (arrangements completed for the production of new items) out of 54 anticipated for the entire year under the technical plan of the Ministry of the Metallurgical Industry. Outstanding achievements involve: tinsel cord, new kinds of steel for reinforced concrete (PC 60N) intended for the construction of nuclear electric power plants, shapes, cold-rolled sheet and strips out of stainless steel, new kinds of



strips for pipes, thick sheets more than 3000 mm wide, extruded and drawn products out of aluminum alloys, and so on. The input from the arrangement for the production of new items is valued at about 1 billion lei marketable output.

A special input into the production of these new metallurgical items was provided by the Tirgoviste Combine for Special Steels, the Hunedoara, Galati and Resita metallurgical combines, the Slatina Aluminum Processing Enterprise and other units. It may be estimated that the activity conducted in 1981 in terms of an arrangement for the production of new brands of special steels and in terms of increasing output for some much sought-after products was far superior to that of previous years.

The experience of the major supplier of products out of special steels -- COS Tirgoviste -- indicates that when favorable conditions were provided for the smooth unfolding of the activity, the achievements in all areas (respectively items) were superior to the provisions under the plan. This also was due to the better organization of production in the key sectors (steels works, forge sections, rolling mills), the completion of new production facilities, and the homogenization and qualitative-professional growth of the work collective. The advances made also are based on the switch to mass standardization of products: based on the studies made in close cooperation with the user units, workers at COS Tirgoviste succeeded in reducing the number of types and sizes from 6252 to a total of 4932. The standardization of products resulted in the better programming and organization of production, in more efficient utilization of facilities, in increasing the proportion of obtaining metal from the steel ingot to 81%.

Of course, the fact that at the end of the 10 months of 1981 marketable output was obtained in a proportion of 100.5% and the net output 107.2% points out the leap taken by the combine's collective versus the situation in prior years when these indicators were below the level planned. Moreover, in terms of efficiency, for the first time this year, the combine has exceeded the provisions for labor productivity 8.8% (the calculation involves the net output), has reduced materials expenditures for each 1000 lei of marketable output by 6.03 lei, with the total value of savings for 10 months of 1981 standing at more than 33 million lei.

Special achievements versus 1980 were also obtained for physical output. This year saw the achievement and delivery to the economy (main recipient, the Ministry of the Machine Building Industry) 3.28 times more steel for ball-bearings, 11.5 times more steel for assembly components, and so forth. Furthermore, resulting from an arrangement for the production of new items were block bars, semifabricated products for tools, medium and light rolled products, drawn bars (gauged steel), cold-rolled sheet and strip, forged products made on radial installations directly from ingot, and so on. Also, worthy of note is the fact that COS Tirgoviste is the only unit in our metallurgical industry to turn out products out of steel for ball-bearings in state A (directly rolled, without peeling), this year providing the economy with an amount which is 16.5 % greater than that for 1980. As for the quality of the products, evident progress has also been made in this area: the proportion of quality deficiencies declined from 4.89% in 1980 to 3.36% this year. The same period saw an arrangement for the production of eight new kinds of metallurgical products provided for in the technical plan, a fact that has upgraded supplies to the various recipients, from the domestic production.

## On-Schedule Implementation of Technical Plan Provisions

Pointing out the achievements obtained in the area of arrangement for the production of special steel items, products which are increasingly sought after for making high-standard machines, installations and other facilities on a competitive basis, we also must stress that the provisions in the technical plans -- both in terms of number and quantity -- were not fully implemented. The delays in the arrangement for the production of new items and the failure to turn out the planned amount for newly produced items affected proper supplies to some recipients.

One of the major causes of this situation involves the failure to complete on schedule several investment projects that underlay the production of items such as: medium shapes on the continuous rolling mill (CS Calarasi), unwelded pipes on the continuous rolling mill (Zalau Pipe Enterprise), strips for pipes on the rolling mill for semifabricated products (CS Galati), electrotechnical cold-rolled sheets and strips for transformers, radial installations for forging directly from ingot (COS Tirgoviste), and so forth. The noncompletion on schedule of these projects is mostly due to the deficiencies of the enterprises for metallurgical construction and also of each individual recipient. The fact that preparations were made on an "individual basis," without on-time handling of a number of strictly required conditions -- contracting in advance for facilities to be imported and of facilities from domestic specialized units, improper organization of construction sites resulted in slow construction pace and non-completion of projects in the succession necessitated by the technical processes. More foreign currency efforts were required to meet the needs for quality metal.

Other shortcomings involve the failure to complete a number of connex installations attached to major units, that can facilitate diversification and upgrading of the quality of output. This applies to the lack of fitting plant (peeling, cutting, broaching) at COS Tirgoviste, CS Galati and other units) -- that permits diversification and upgrading of quality for special steel sections; lack of facilities to test quality, of charging machines (COS Tirgoviste, CS Galati, CS Hunedoara); inadequate provision of maintenance sectors with modern equipment in compliance with the needs for turning out some unique components in great demand, and so on (COS Tirgoviste, CS Resita). Moreover, the lack of some spare parts that were supposed to be produced and delivered by some machine building units (IMG Bucharest, IUG Craiova, Timisoara Mechanical Enterprise, and others) resulted in stoppages in the operation of some metallurgical facilities above the set time level, a fact which entailed decreases in production. In addition, there were drawbacks created in the process of cooperation among metallurgical units. For instance, while the activity of COS Tirgoviste developed smoothly in the first 5 months of 1981, when the contractual obligations were met by the chief suppliers (for example, CS Galati), this did not happen later on, a fact that generated serious disruptions in production, in the production of a number of major items ("trafo" strips, cold-rolled sheets and strips, and other items).

We must also point out the fact that, although there were requests for arrangements for the production domestically of some refractory products (basic bricks), the specialized units delayed long these arrangements and this had an adverse effect on the activity of the steel plants because of extended duration of repairs as the products involved were requested on the basis of imports. Furthermore, inadequate

meeting of needs for electrodes in electric steel mills (COS Tirgoviste uses trucks that daily bring small quantities from Slatina) also results in gaps in the properly efficient operation of the facilities.

Of course, there are other deficiencies, many of them in metallurgical units, tied in with the optimal scheduling of production, the job training of personnel, the sensible use of facilities, and so forth. Greater concern and spirit of responsibility can result in prevention or elimination of these shortcomings. In order for the plan provisions in the area of special seteel production to be implemented it is necessary for each unit individually, as a supplier or user, in the context of cooperation in turning out special items, to organize its production activity and forces so as not to harm the interests of other units and, specifically, the interests of potential recipients.

#### Priority Lines of Action

The complexity of the existing problems and the need for full implementation of the provisions in the technical plan necessitate finding urgent solutions at the level of enterprises of centrals and ministries involved -- as pointed out in recent party documents -- to eliminate lags and speed up arrangements for the production of all the items that are planned to be made out of special steels. Needed in this respect would be:

- a. Establishment of a system of monthly monitoring, of analysis and taking of prompt measures for the major objectives incorporated into the technical plans in regard to an arrangement for the production of items from special steels (sheets from stainless steels, products for the aeronautical, electronics and electrical engineering industries, the nuclear power industry, and so forth);
- b. Determination of realistic diagrams on completion of investment projects, specifically of those that involve an arrangement for the production of new items;
- c. Formation of teams of experts from centrals, institutes of research and engineering and the ministry involved to provide concrete support in the arrangement for the production of special items, in handling the difficulties that arise in the area of cooperation and collaboration, and so on;
- d. Speeding up of the completion of connex projects of major facilities, so that the last-named may be provided the conditions needed to turn out quality diversified items and to most rapidly attain the parameters planned;
- e. Upgrading of the documentary-informational system regarding production of new kinds of items out of special steel;
- f. Increase in the capacity of the enterprise making electrodes to meet the needs of user units for such products; mobilization of workers in units for refractory products to more rapidly making arrangements for the production of the kinds of items that still are imported, so as to fully meet the requirements of the metallurgical industry;
- g. Overall use of advanced experience of units that make highly sophisticated spare parts, more sensible group structuring so that they may be turned out in the maintenance shops of major metallurgical units; supplementing of the equipment provided to maintenance sectors with up-to-date machinery characterized by capacity and size fit for the production of large and heavy parts.



BETTER SUPPLY, CONSERVATION OF CONSTRUCTION MATERIALS URGED

Bucharest SCINTEIA in Romanian 24 Dec 81 pp 1, 4

[Unsigned article: "Supplying Construction Materials on a Regular, Timely Basis"]

[Text] During these days at the end of the year, people are energetically and constantly working at construction sites to finish projects and speed the start-up of new production projects. The sustained rate of work of the builders and assemblers, especially in recent weeks, has permitted supplying the assembly sites with an important volume of equipment, a fact reflected in the appreciable decrease in existing stocks at numerous sites and the readying of a large number of technological machinery and equipment for operations.

Concomitantly with these efforts, a large portion of the concerns of the authorities involved in the process of achieving investments are centered upon the thorough preparation of the projects contained in next year's plan. The fact that in the second year of the five year plan the investment program's objectives continue to remain great and complex - 800 important production facilities are to be put into operation in industry and agriculture - gives these preparations a special significance.

In light of the directives given by the secretary general of the party at the plenary session of the RCP Central Committee on 25-26 November of this year, at numerous construction sites, including the Giurgiu Chemical Combine, the Cluj-Napoca Heavy Equipment Combine, the Tulcea Metallurgical Combine and others, broad actions were initiated that were designed to ensure the vigorous beginning of builders' and assemblers' activities right from the first days of the new plan year. As a result, at many investment projects problems were generally resolved regarding the supply of technological plans and equipment, as well as the supply of necessary construction materials.

We say this in general terms since in some problem areas, strictly related to ensuring the steady and regular pace of work at numerous projects, there also continues to be at this point in time serious uncertainties. First of all in this regard is ensuring technical-material supplies at the investment project construction site. For example, the Industrial and Agro-zootechnical Construction Trust, the Chemical Equipment Assembly Trust and the Bucharest Trust for Insulators in Industrial Projects, units that have special tasks in 1982, still do not have all their allotments and, as a result, have not been able to contract for a series of materials at the level of the necessary amounts that were firmly established on the basis of construction plans. The situation



in which these construction units find themselves is far from constituting an exception. Practically every trust in the Ministry of Industrial Construction is encountering difficulties of this nature in the effort to ensure appropriate supplies of all construction materials needed by the construction sites. At a series of construction sites, the builders still do not know from where, how and in what manner they will procure important quantities of reinforced concrete, cement, prefabricated parts, metal assemblies, galvanized steel in thicknesses up to .5 mm, bitumen, thermal insulation materials, hydro-insulating materials and many others. The complaints made to date, including to the appropriate central organs, have not yielded the desired results.

The cause of this shortcoming, which can have negative effects upon the rate of work at numerous construction sites, lies in the manner of granting allocations for a series of materials on the part of the ministries responsible for the investments. More precisely, 25 important materials are distributed on a centralized basis through the intermediary of the ministries responsible for the investments. But neither the Ministry of the Machine Building Industry, the Ministry of the Chemical Industry, the Ministry of the Metallurgical Industry nor the Ministry of Agriculture and the Food Industry give allocations for the materials which they direct at the levels of the necessary amounts taken from plans. Moreover, these are plans that were drawn up by institutes that are subordinate to these ministries.

Although the causes of the shortcomings in providing supplies to the construction sites are known, nonetheless, the implementation of measures to strengthen order and discipline in this area is delayed. That is why, beginning with the difficulties that have been pointed out and with the need to reduce material consumption on an accentuated basis, it is as clear as possible that both the ministries responsible for the investments and the central and directing organs have the job of working more firmly to ensure the unified guidance and management of planning. In this regard, stress must be placed on the more energetic pursuit of the implementation of measures that will bring about a reduction in the volume of construction-assembly projects, on the orientation of designers towards the adoption of construction and technological solutions having the lowest possible levels of materials consumption, on the use of certain appropriate norms and standards in this regard and on the provision of a systematic review of the drawn-up construction plans.

Similarly, it is necessary for the broad collectives of specialists in the design institutes and the user enterprises and construction-assembly trusts in the ministries and central organs, under the direct guidance of the county party committees, to conduct in-the-field examinations of the construction solutions that are drawn up and to adopt, where it is possible, other new, more efficient solutions capable of permitting the appreciable reduction of materials consumption. In this regard, there is significance in the measures to replace certain short-supply materials that were initially proposed - stainless steel pipes of over 89 mm in diameter, carbon steel and stainless steel elbows and so forth. These measures were adopted on-site by the specialists of the Institute of Technological Engineering and Design for the Chemical Industry in the capital at the sites for installing low-pressure polyethylene at Tâmbsoara, and specialists of the Dej Enterprise of Artificial Fibers, measures that

permitted the saving of certain significant quantities of metal, as well as reducing the timeframe to carry out the work. Concomitantly, the "dialogue" with the producers of construction materials must be revitalized for the purpose of quickly assimilating and introducing into production certain new materials and elements that are of light strength and economical.

The builders have the job of decisively reconsidering the role and duties that they have in the process of achieving investments. From being simple executors of the projects, they must responsibly assume the role of being active participants in the elaboration of new, more economical and quicker construction solutions and contribute, alongside the designers, to their quick implementation in practice. A recent example confirms the especially practical utility of these efforts: the specialists in the Bucharest Trust for Special Projects drew up and implemented an original solution for making industrial smokestacks at the construction sites for the artificial fiber enterprises at Suceava, Dej and Braila: the interior gas tube is mounted inside large panels made from plastic. The panels were made, on the basis of designs completed by the specialists in the Trust, at the Urziceni Prefabricated Parts Factory. Compared to the solutions used to date, the savings in materials totalled two million lei, while the time to complete the work was cut in half. The truth is that more than once the builders have carefully studied the designs that were received and proposed solutions to improve these designs, but their efforts did not always produced the desired results. And, this is especially so since the implementation of these more efficient measures does not always enjoy acceptance on the part of the designers.

It is especially important for the actions to reduce investment costs and materials consumption - major tasks in the field of investments - to have a permanent nature. In this regard, the basic criterion that must constantly stand before all the authorities in this field is a profound, encompassing analysis - down to the last leu and gram of material - of the level of efficiency in using material and financial funds that are invested. Never for a moment should it be lost from view that the exemplary fulfillment of the investment plan and the rigorous adherence to the start-up schedule of all planned production projects and facilities are influenced to a decisive degree by regularly supplying the investment project construction sites with the necessary materials.

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CSO: 2700

## DEVELOPMENTS PLANNED FOR MACHINE BUILDING INDUSTRY

Bucharest REVISTA ECONOMICA in Romanian 11, 18 Dec 81

[Article by Dr Barbu Gh Petrescu, deputy director general of the Central Institute for Economic Research]

[Part I, No 50, 11 Dec 81 pp 13-14]

[Text] The present stage of Romania's economic development is characterized by strong qualitative changes and an amplification of intensive growth factors, with direct consequences on the sustained growth of labor productivity and on greater efficiency for all activities. In this context and as part of the dynamic development of the entire national economy, priority is being given to branches which promote technologic progress, and thus to the high-technology sub-branches of the machine building industry, with special attention to metal processing machine-tools that use various processes, and to means of automation.

## Dynamic Development According to the Needs of the Economy

Given its modest beginnings, the machine building industry has undergone a rapid rate of development in recent decades, such that its share of industrial production, employment, and social product has steadily increased (table 1).

In 1980, machine building represented 40 percent of industry's contribution to the national income; at the same time, electromechanics and electronics represented about one-fifth of the branch total. During the 1965-1980 period, the machine building industry grew about nine-fold, at an average rate of about 5 percent; the 1980 production was about 1.8-times that of 1975. During the years of the building of socialism, foundations were laid for a modern industry for tractors, agricultural machines, large scale and high-tonnage dump trucks, and conventional and four-wheel cars, while steam locomotives were replaced with electric ones in the form of diesel-electric and diesel-hydraulic locomotives of various powers.

In recent years, the machine building industry has adopted and modernized a large number of products, some of which have been the first of their kind. In practice, this activity has included all the production sectors of this branch, independently of whether the products were large (2400 hp diesel-hydraulic locomotives, 55,000 dwt ore handlers, sea drilling platforms, 510 hp electric-powered wheeled bulldozers, 550 hp tracked bulldozers, high capacity excavators), or technical (machine-tools for processing large diameter parts, 5000 mm drilling installations, specialized

Table 1. The machine building industry.

Share of:	1950	1955	1960	1965	1970	1975	1980
Social product	5.2	11.7	10.0	10.6	15.3	22.0	25.5
Industrial production	13.3	18.8	24.0	21.2	25.0	30.5	34.0
Exportations	4.2	6.1	5.7	18.5	22.8	25.3	28.2
Work force	8.2	8.2	9.1	9.5	10.7	14.5	13.4

machine-tools, and multi-function processing centers), or complex electromechanical, electronic, and automation equipment (special types of electrical machinery, electronic equipment for numerical control, programmable automatic machines, peripherals for computer control of technologic processes, and peripherals for computers and expanded data networks). The machine building industry has participated with equipment, tools, and rolling stock in the construction of the large hydraulic power systems, and of the thousands of industrial objectives located in all areas of the country. Large combines were built in Iasi, Bistrita-Nasaud, Cluj-Napoca, Timisoara, and Craiova, specializing in complex technologic equipment for the metallurgical, oil, mining, chemical, and construction materials industries. An increasingly large contribution in achieving these goals, and in Romania's exports, was made by the electromechanical and electronic industry. Since 1967, with the approval of the first program to endow the national economy with computer facilities at the level of the most modern technologies available at that time, the machine building industry began the integrated fabrication of electronic components and computers, the development of domestic research in these areas, and the training of personnel.

As a result of this development, the machine building industry currently supplies most of the economy's investment products, as well as consumer products for the population. The extent to which domestic needs are met with products from the machine building industry, is constantly increasing: it is 100 percent for energy equipment and railway transportation, 95 percent for oil equipment, 90 percent for telephone and current carriers, and so on. At the same time, as the needs of different branches of the economy are being increasingly supplied from domestic production, a similar growth has been achieved in the degree of integration (reduced importations for production) and in the volume of exportations.

The achievements obtained in the development of the machine building industry, and in improved production structures are evident. Despite this, and as was shown during the recent plenary session of the Central Committee of the RCP, a number of shortcomings still exist, which prevent the satisfaction of current needs. Among these are the fact that assimilation cycles are sometimes very long, mostly due to poor correlation among assimilation phases, uneven distribution of technical-material supplies, and failure to receive products from collaborators on schedule. At the same time, the execution of key phases in the assimilation process (particularly in construction planning and product coordination) does not always make it possible to achieve established performances during operations.



## Priority of High Technology Sub-Branches

The constant modernization of the national economy and a higher economic efficiency mean that the industry must be endowed with highly automated and complex equipment and tooling of the best quality and yield, machines which will enable the use of the most modern fabrication technologies in industrial production. Together with higher performances, the manufactured products must be built with much lower consumptions of materials and energy.

Consistent with the firm orientation toward assuring that intensive factors play a preponderant role in the economy, the machine building industry aims to acquire a modern structure, and to assign priority to the development of high technology branches which will strongly increase economic efficiency. As was shown by the 12th Congress of the RCP, machine building will continue to be the branch with the most dynamic development, growing at a rate of nearly 12 percent per year. The electromechanical and electronic industry will undergo a growth of about 13 percent per year, and machine-tool production will grow 2.2-fold during the five-year plan. The production of the fine machining industry will increase nearly 3-fold, supplying practically all the necessary hydraulic and pneumatic equipment, as well as components for automating the entire production. Machine building is currently entering into new domains (aeronautics, rapid diesel engines, and specialized equipment for mining, oil, and natural gas exploitation), as well as such advanced technology sub-branches as microelectronics, computer technology, and process automation by means of advanced systems such as distributed systems for automatic process control, electronic automated telephone switchboards, computerized automated testers, and so on.

The development of industry, and modifications in its structure to accommodate the restrictions created by difficulties in obtaining raw materials and energy, will also occur in machine building in terms of a radical restructuring of production which will provide equipment to promote the technologies of the future. And these technologies, which exploit raw materials obtained under difficult conditions and with a low content of useful substances, require an extensive utilization of high technology equipment. This will be illustrated with several extremely conclusive examples. For instance, 5,000 tons of equipment are needed to produce 1,000 tons of steam per hour when oil or natural gas is used as fuel, 13,000 tons when the fuel is lignite, and 250,000 tons with bituminous shale. The equipment requirements for obtaining a given amount of useful power are thus considerably greater as the energy content of the fuel decreases.

In large hydroelectric plants, built during the 1970's, an average of 1.5 tons of metal were used per installed MW, whereas the micro-hydroelectric plants planned for 1982-1990 will require 10 tons/MW; and in well drilling, the required installations and equipment increases several-fold as drilling depth increases or when drilling is performed at sea. It is notable that this quantitative increase in equipment needs is also accompanied by greater complexity through the addition of devices for automating, monitoring, and controlling technologic processes. Similarly, in the exploitation of ore and energy deposits, the effort that must be made to obtain one unit of material or energy requires the introduction of increasingly greater technical means in the case of deposits that are poorer or less accessible (great depths, offshore drilling, or regions with unfavorable climates). Even the

transition from fossil fuel plants to nuclear plants involves significant changes and much greater complexity for the producers of power equipment and for those who assure operation safety. During 1982-1985 it will consequently be necessary to develop equipment for producing these installations and other technical means, so that the response to the crisis of materials and energy resources will be a higher industrial effort.

The continued development of industry will remain an objective and necessary condition for the progress of society. But the changes that have taken place in recent years impose that this development be carried out more selectively, more efficiently, and with more technologic creativity than at present. As part of this evolution, the machine building industry--which broadly integrates research and technical development activities to achieve very high cumulated added values, and whose manufacturing profile and product destination brings technologic progress in all economic and social activity branches--will obtain higher rates of growth to surpass the other industrial branches.

However, the machine building industry will be able to play its role of "bearer of technologic progress and endower of the economy" only through an outstanding effort to renew products and manufacturing methods, and through a much greater contribution to scientific research and technical engineering. In this respect, the adoption of new products represents one of the fundamental processes which are a determinant condition for promoting technical-scientific progress in material production, greatly increasing labor productivity and the general efficiency of all activities, as well as improving quality and the competitiveness of products of the Romanian industry. "Under the current conditions," Nicolae Ceausescu has said, "when products and technologies throughout the world are changing at an extremely rapid rate, we must act energetically and constantly--while we improve quality--to renew and modernize our products, redesign machines and tooling, and perfect manufacturing technologies. It is our duty to make all necessary efforts so that the improvements and performances of Romanian products will keep pace with the demands of international technical progress."

The position of new product adoption as part of these processes can be even better understood if it is examined in the context of other means, directions, and factors which promote technologic progress and increase labor productivity. It is for instance quite interesting to note that the adoption of new products makes it possible--at times within rather large limits--to promote technical and scientific progress even when the technologic endowment remains relatively constant or grows more slowly. During the 1950-1975 period, when great progress was being made in the adoption of new products, labor productivity in the Romanian industry increased 6.7-fold, while the technical support for labor grew only 3.5-fold.

The importance of new product adoption is magnified both because the rate of product renewal throughout the world is extremely rapid--according to some estimates, 50 percent of the existing products have a lifetime of no more than three years--and because the level of modernization of manufactured products, and their ability to satisfy given needs in a more complex and qualitatively superior way than existing products, ultimately represent the substance and weight which unilaterally characterize the degree of utilization of the technical-material and human basis of production. The level of technical endowment and its quality must necessarily find themselves reflected in the degree of production renewal and modernization. Otherwise, economic efficiency does not increase as it should, given the

possibilities opened by the advances of the modern technical and scientific revolution. That is exactly why the adoption of new products must not be in the least considered as a process independent of the other means for promoting technical and scientific progress, but as a process closely associated with the growing degree of technical endowment of labor, personnel training, and so on, and as a most important link in the rapid, efficient, large scale application of the advances of science and technology to production, and through it, as a way to accelerate the increase in labor productivity.

In order to improve the introduction of technical progress, which will result in shorter durations for product adoptions (research, design, prototypes, assimilation of technologic preparations, first assimilated models, introduction in fabrication) while diversifying the requirements of all sectors of the national economy and of exportation, it appears necessary to apply some measures of an organizational as well as technical nature. In the adoption of products with an individual character, specialized institutes coordinated by central institutes should be assigned the task of studying unique series of products on the basis of standardization, that is, to define their construction characteristics and their operation within the series, and to verify them against representative prototypes. The adoption of products included in this category should be the task of industrial enterprises which have the appropriate manufacturing technologies and technical endowment. This requires a better organization of departments or leading construction groups in the industrial enterprises. At the same time, the adoptions must be based on well founded marketing and technical forecast studies, so as to orient the adoption process over longer time periods. And finally, the methodological criteria of the research and adoption process should be improved, basing them on economic considerations (minimum fabrication and operation costs, low material and energy consumptions, wider domains of utilization, and higher productivity in manufacturing and operation).

[Part II, No 51, 18 Dec 81 pp 9-10, 14]

[Text] As the qualitative aspects of economic growth are becoming more important, the machine building industry will have to play an increasingly important role in promoting more decisively the production of sub-branches with advanced technologies and with extensive automation and computerization, which will better satisfy the needs of the national economy and exportation. In this context, great emphasis will be placed during the period to follow, on the construction and adoption into production of new machines and tooling, automated installations, and so on, which will improve the quality and raise the technologic level of production.

Of the more than 9000 new and modernized products which we will adopt during the current five-year plan, over 90 percent must be built on the basis of domestic designs, and must meet the current needs of production under optimum conditions.

#### Machine-Tool Production--High Technology

One of the priority orientations in this branch is the sustained development of the machine-tool industry (table 2). The priority objectives of the branch are to satisfy a greater proportion of the economy's machine-tool needs, reduce importation, and expand both the volume and variety of exportations. During the 1960-1980 period, the production of machine-tools for metal processing has grown about 54-fold in value and nearly 7-fold in volume, indicating that along with meeting the demand for machine-tools, particular attention has also been devoted to

Table 2. Evolution of machine-tool production (1960=100).

Type of product	Unit	1965	1978	1980
Metal processing machine-tools	each	161	612	662
	tons	173	11.43	11.45
of which:				
Lathes	each	114	370	393
Horizontal borers and mills	each	100	19.04	26.39
Milling machines	each	275	12.89	13.07
Grinders	each	253	17.13	20.45
Machines and tools for metal processing by hot or cold plastic deformation	each	232	10.03	12.17
	tons	126	7.50	11.152
of which:				
Hydraulic parts	each	100	7.37	24.68

the technical specifications, complexity, as well as to the functional and economic parameters of the equipment, with consequences on labor productivity, especially among users. The variety of machine-tools has been and is being constantly diversified, so that during 1980 nearly 60 percent of the national economy's demand was met from domestic manufacture; during that year we produced 557 types and models of machine-tools, of which 437 were cutting machines and 120 stamping and forging equipment. At the same time it should be pointed out that whereas in 1960 Romania exported 15.8 percent of its entire cutting machine-tool and imported 32.8 percent of its needs, in 1978 it exported 22 percent and imported only 12 percent.

The diversification and growing complexity of machine-tool production in recent years, has led and is leading to improved metal valorification, together with a higher specific value for the equipment. Whereas in 1965 the specific value of cutting machine-tools was 27.4 lei/kg, and that of pressing and forging machines 15.5 lei/kg, in 1980 these values reached 80.9 and 46.2 lei/kg respectively, and are expected to be 115.6 lei/kg and 68.4 lei/kg during 1985.

The dynamics and provisions of the program in the area of machine-tool production (table 3) will mean that in 1985 Romania's production will be fifth or sixth in the world instead of 13th as was the case in 1975.

During the 1981-1985 period, particular attention will be devoted to development and diversification in the production of combined, specialized machine-tools, and to an increase in the share of machines for processing by means of plastic deformation (up to 25-28 percent of the total production value). The structure of machine-tool fabrication must be improved by perfecting the heavy machine-tools that are currently being manufactured, and by increasing the proportion of small, high-value machine-tools, so as to reach an average of 12-15,000 dollars/ton. In 1982, we must assure a growth in the share of multi-functional grinders, lapping machines, honers, superfinishers, and sharpeners, within the total fabrication of cutting machine-tools; these must be available in high productivity models, at high specific prices, and low specific weights. At the same time, the organization of cutting



machine-tool production will be reconsidered so as to assure greater flexibility in the fabrication of custom products such as special machines, special features, universal machines, prototypes, and so on. These machines, which are not found in our production, are in demand by industry, command high specific prices, and have a low specific weight.

Expanded cooperation with foreign companies, the continued improvement in the structure of machine-tools (with emphasis on plastic deformation and unconventional processing), as well as developments in self-tooling actions, will improve this situation. Other actions undertaken to increase production capabilities and assure the necessary qualitative level in this extremely important sector involve:

Improvements in the specialization profiles of existing enterprises, together with the creation of new production capabilities;

Much more dynamic development of the horizontal industry for the production of machine-tools, particularly for specialized foundries, including their respective model-making facilities; concentrated development of accessories for machine-tools in specialized shops; increased production of hydraulic and pneumatic equipment; more advanced integration of specific electronic and electromechanical components, particularly of numerical control and of direct current motors with permanent magnets.

In this respect, particular attention will continue to be devoted to reducing the specific weight of cutting machines, as a result of which the investments made in Romania have been oriented to a large extent toward the adoption of large machine-tools. That is why means must be found to automate these machines in order to provide the standard equipment which increases sales prices.

The directions and orientations of the export structure are aimed at providing machine-tools with required performance levels, together with improving specific export prices. This can be achieved by supplying high performance electronic equipment and improving the specific structure of exportations, in the sense of increasing the amount of manpower incorporated in products; reducing the proportion of material costs, and increasing the share of plastic deformation machines within the total exports, so as to reach 30-40 percent of the total export value and 50-60 percent of the total value of plastic deformation machines; improving the variety and quality of electrical and electromechanical components so as to diversify the equipment and increase its reliability; and radically improving the quality of product execution.

#### Increased Production of Means of Automation

Higher labor productivity is one of the basic objectives of the national economy development. One of the major leverages in this respect is an expanded mechanization and automation in production, the modernization of manufacturing technologies, and the introduction of new technologies based on equipment and tooling with better operating specifications.

The present development in the production of highly automated technical equipment, and the construction of machinery, systems, or complex processing lines with automated processing steps, gradually reduces the sphere of utilization of manually operated universal machine-tools. It is notable that while ten years ago machine

Table 3. Machine-tool production in 1965-1985 (percent).

Specific values	1965	1978	1980	1985
Cutting machines, thousand lei/each	100	4.18	5.79	12.51
Pressing and forging, thousand lei/each	100	5.63	7.30	13.91
Cutting machines, lei/kg	100	2.47	2.95	4.21
Pressing and forging, lei/kg	100	4.04	2.98	4.41

tools with automated operation were selected for use in mass production or for large batches, at the present time, thanks to automatic control equipment, computerized numerical control (CNC), the possibility for rapid programming, and rapid program installation, machine-tools and systems with automated operation are also indicated for small batch or custom production. For the latter case, these machines are selected particularly for parts with complex shapes and large dimensions. Today, CNC automated systems in processing machines operate along as many as 10 distinct axes, and have programming capabilities, making it possible to successfully undertake the processing of very complex profiles. Processing centers and processing systems (lathes, milling machines, borers) are built with tool magazines (up to 64 different tools) and are operated through numerical control as well as through automatic devices programmable by means of static switching, programs which at one time were achieved with electromagnetic relays and control switches.

The development of electronics and the rapid introduction of microelectronics have naturally led to product miniaturization, and to higher densities of electronic components on printed circuit boards, which are currently built with two or more layers.

In machine-tool production, these result partly in more electronic equipment on machines, and partly in a drastic reduction in the dimensions of the control equipment.

Notable in the first place are the direct consequences on the actual construction and higher performances of machine-tools, where the development and utilization of rectifiers and variable transformers in control equipment has made it possible to power the machines (main power and auxiliary motions) with direct current motors whose speed is electrically controlled by the accessory equipment, with the immediate result that mechanical gear boxes are eliminated and that a wide range of speeds can be accurately maintained.

The construction of programmable automatic devices, entirely electronic products using microprocessors and semiconductor memories, and their utilization in machine-tools, has meant the elimination of conventional electric panels in which control was achieved by means of a large number of devices (switches and electromagnetic relays) with as many possibilities of failures during operation. Their construction in increasingly larger numbers and with particularly high-precision specifications, is helped in a large measure by the use of automated systems and machine-tools. In the fabrication of printed circuit boards for instance, the drilling of holes for electronic components (and there normally are up to 3000 holes of 1.1 mm-diameter per standard board) is not conceivable without

numerically controlled drilling machines (position control). Labor productivity in processing with such machines is 2.2 times higher, and from a qualitative standpoint, because of the automated means for measuring and verifying operations (part control, and automatic control and correction for tool wear), rejects are practically eliminated.

In the domain of complex automation equipment for machine-tools and their processing centers, our country's automation industry has built equipment which automatically controls the main and auxiliary power of machines equipped with direct current motors, using rectifiers and revolution counters, which in turn are controlled with numerical program devices (Numeron) and with programmable automatic devices to replace conventional equipment. In the area of CNC numerical control systems, the Institute for Scientific Research and Technical Engineering for Automation, and the Bucharest Enterprise for Automation Components, are involved in building a complete family of devices, including CNC equipment for controlling up to 10 axes, so as to achieve the most complex automatic processing steps.

The use of robots in the processing industry is being expanded in Romania at an increasingly more rapid rate, to take over increasingly complex functions: lifting and placement, execution of difficult operations (welding, riveting), as well as more complex cycles of operations when the robots are specially designed for various applications. For instance, complex casting lines are now being built in foundries, operated exclusively by robots, who perform even the casting operations. The use of industrial robots makes it possible to develop processes which cannot be performed by man, such as those in the nuclear reactors which will be used in nuclear power plants.

Of particular importance in the assembly shops of the machine building industry, is the higher level of mechanization of assembly and installation processes, resulting from the greater production of electrical and pneumatic assembly tools and devices, as well as from the fabrication of automated and semi-automated assembly lines. In this respect, the Institute for Scientific Research and Technical Engineering for Machine Building, together with the automation industry, is building assembly lines for mass production, in which the mechanization of operations and parts transportation increases labor productivity by more than five times, concurrent with better quality. Because of the evolution in the domestic fabrication of assembly tools and devices, as well as on the basis of the experience accumulated in the organization and achievement of moving line mass assembly, no mass assembly shop can be conceived without a level of endowment which will lead to the execution of difficult operations with the aid of equipment, and which in time, assures a high level of reproducibility.

The electromechanical and automation industry has begun to extend the mechanization and automation of assembly and control operations. Thus, in the production of low voltage electrical equipment, electromagnetic relays, and power switches, the mechanization of assembly and the automation of some operations, particularly in control, has successfully led to remarkable results in higher labor productivity and improved product quality. The electric power meters at IAEM (Enterprise for Electronic Measurement Instruments) in Timisoara, are currently being read by means of photoelectric cells, and are using automatic computer processing and direct display of the results.

In the automation and electronics industry, the automatic part-by-part control and testing of electronic components, sub-assemblies, and functional assemblies, reduces the volume of necessary labor by about one-tenth, and by means of programs loaded into automatic systems, verifies component and sub-assembly parameters, and displays defects and their location. Similarly, the mechanization of cabling operations and of component implementation, reduces by about one-third the volume of labor expended with conventional approaches.

The machine building industry produces a number of machines, tools, and installations for expanding mechanization and automation of production processes in other branches.

Based on special priority programs, the extraction industry has introduced new types of specially-built equipment for underground coal mining, for heavy machinery used in above ground extraction, and for oil and gas extraction. Complete installations are built for high capacity excavators, whose productivity cannot be compared to conventional ones. In addition, automatic remote operation and control equipment is being built to exploit oil and gas wells. The needs of steel combines at Hunedoara, Galati, Calarasi, and so on, have been met by producing in Romania direct current equipment with static high-power switching. In the power production industry, boilers and steam generators, as well as turbogenerators are being automated. In the chemical, petrochemical, and construction materials industries, the use of computers is being expanded in process control, which is now being performed automatically by means of automation equipment and devices built by the national automation industry.

In the expansion of automation and the accelerated increase in labor productivity, industrial robots must be used on a wider scale in the future. This must be achieved through a wider application of microprocessors in automatic process control equipment (machine-tool processing, in-plant transportation, thermal treatments, forging, stamping). At the same time, standardization in the use of electronic microprocessors and their ancillary components must be expanded, as well as materials must be devised which will withstand operating temperatures of 300-500 degrees (for transducers, direct regulators, control devices in chemistry).

The development forecast for the machine building industry, as well as the measures established to increase the production of automation devices, measurement and control instruments, professional electronic components, machine-tools, including those with programmed controls, fine machining, and so on, will contribute to structural improvements and higher efficiency in this branch, to greater possibilities for endowing the economy with modern means of production, and to higher labor productivity.

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## 'CREATIVE CRITICS' OF ECONOMIC SYSTEM REFUTED

Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian No 1616, 20 Dec 81  
pp 30-31

[Article by Zarko Papic: "What Economists Don't Talk About"]

[Text] It seems in our current economic debates that there is full agreement that economic laws and the functioning of the market of socialist self-managed commodity production has been displaced and that this is one of the essential causes of our augmented economic difficulties. This conclusion, which is unquestionably correct, is accompanied, however, by altogether different interpretations of the causes and of the directions to be taken to solve these problems.

Disputes concerning these matters usually remain within the limits of discussion as to principle in our economic theory, which in one way or another have been going on for decades now. The current political debates are disputing the relationship between the market and socioeconomic relations over the issue of whether the market and commodity production are more or less universal mechanisms and should therefore even in our case operate in more or less conventional form--or are they defined by the socialist relations of self-management and therefore operate in the new forms.

One of the cases of mystification concerns the division into "apologetic defenders" of the economic system and its "creative critics." Nor are there any practical or theoretical reasons whatsoever for the foundations of our self-managing economic system as given in the constitution and the Law on Associated Labor to be called into question, nor is anyone thinking seriously that any specific instrument of the system or any article of any law embodying the system has been set down once and for all. However, it is more interesting that the most serious and, I think, justified demand for a radical change of the system in the banking and monetary field is not receiving support from the front of the system's critics. On the contrary, our "creative critics" are either maintaining silence about this demand or implicitly look upon it as a case of adventurism.

We can assume that this defense of the existing system against criticism is based on disagreement with the direction of the proposed changes. This praiseworthy approach, however, would also have to be allowed in other "sectors" of the economic system, and criticism of criticism of the system should be regarded in certain of its segments as disagreement with the character and direction of the proposed changes.

There is no dispute, then, between "apology" for and "criticism" of the economic system, but a dispute over whether the necessary changes in our practice, and the related development of the economic system, will follow the orientation and spirit of the constitution, of that is, the society of true socialist self-management, or will expose it to an erosion of "steps backward."

One of the next mystifications concerns the division into "those for" and "those against" the market. It is not such a simple problem, nor is there theoretical evidence to support such a division.

We will start out in that direction on the premise that commodity production and the market are socially neutral, that is, altogether independent of the character of social relations, and that the essence of the matter lies in our increasing the space for operation of the market and commodity production conceived after that fashion. From the standpoint of Marxist analysis, of course, this kind of approach is a serious theoretical error. We are committing it in order to be able to communicate with the internal logic of such an interpretation of economic laws in our context and so as to be able to "perform" a criticism of it within the framework of its own premises; stated more precisely, so that we might analyze the theoretical and practical consequences of those premises.

We assume, then, that commodity production operates in the context of socialist self-management in its well-known universal forms and that the market performs its conventional functions of selection, distribution and allocation in all domains with "full sails." Of course, government planning "mans the helm" during this market "cruise" and is the guarantee of the socialist character of the entire situation. Yet let us examine without direct comment how this bare theoretical sketch develops in practice, taking as an example a recent collective and scholarly reflection on the desired change in our planning system.

The reason why economic laws in the market have been displaced in our context can be seen in the self-management accords and social compacts which have led to the replacement of the operation of commodity production by an all-embracing process of conscious regulation of the flows of reproduction. The planning system, which is based on the mechanisms of conclusion of accords and agreements by equal planning entities, because of its one-way character, because plans are built up from bottom upward, from the OOUR [basic organization of associated labor] all the way to the "highest forms of association of labor in sociopolitical communities," reflects the voluntaristic approach to the problems of the economic system and economic life.

The basis for solving the problem is to be found in precise definition of market relations on the one hand and the plan on the other. A determination must be made, then, as to how far the market operates and at what point the plan takes over so that effective functioning of the economy would be assured by their happy combination.

For this to be possible, relations and powers have to be clearly delineated between the microlevel of economic life (organizations of associated labor) and the macrolevel (sociopolitical communities). In that respect the orientation is to leave the microlevel to the fairly free operation of the market (thereby reducing

the domain and role of concluding accords and compacts) and to concentrate the planning functions at the macrolevel. In that conception there is no need for full-fledged planning at the level of OOUR's, and their planning function should be reduced to annual business planning. Of course, larger work organizations and complex organizations of associated labor should also be planning to cover medium-term periods.

Thanks to the prior reduction of planning by OOUR's, the macroplanning of sociopolitical communities is now freed of the "cramped situation" which resulted from the fact that it had to rely on the prior plans of associated labor, and broader horizons are opened up for free and unhindered government planning at all levels, and social planning becomes an "essential part" of the planning system. Of course, for relations between the planning of the various levels of sociopolitical communities to be correlated, there must first be a quite substantial strengthening of the functions of the federal plan, which "must contain both sources of resources and a method of obtaining them" for achievement of priority goals.

Now that the proposed planning system has been sketched out in the way described, the question is what effect it has on the market and its conventional functions, which, as is well known, are also apt to operate haphazardly. First of all, there is a need to establish economic means, criteria and instruments which must be used, that is, which "must be treated as economic objectivities" in the exercise of planning powers. This, as we see, resolves the problem of economic laws under socialism in a rather simple way, though without enough originality; what is set forth in the state plan is economically objective and is treated as being objective.

The further development of the interpretation we have been referring to shows that we are not dealing with an imprecise statement. That is, the system of guiding the objective market laws at the microlevel with a plan adopted at the macrolevel is supposed to include planning of the level of accumulation by fixing the planned use charge on social resources on the one hand and by planning personal incomes through criteria that would determine the personal incomes of a particular quantity, quality and kind on the other.

And finally, the connection between the micro- and macroplanning would be established through development policy and economic policy. The point of reconciling the plans of OOUR's and sociopolitical communities lies in using the measures of development policy and economic policy to guide economic entities toward the kind of behavior which is in conformity with the bases of the social plan and the established goals and tasks of development; that is, "reconciliation" means guidance furnished through the social plan.

Now our commodity producer, freed of painful conclusion of accords and self-management planning, which were the principal fetters imposed by administrative regulation, though he was not aware of it, enters upon a new scene which is referred to as affirmation of economic laws in the market. Our "antiadministrative regulation" doctrine will not be shaken by the fact that behind that term we find aspects of earmarked distribution (accumulation and personal incomes) which have been determined in advance by social plans, that it has been already decided what

is to be "treated" as economically objective, that the government is doing the planning and then economic and development policy are "reconciling" the behavior of commodity producers with these plans, and so on. Should there be discrepancies between the doctrine and its only possible practical consequences, so much the worse for the truth.

Remaining consistent with the error in theory and methodology concerning the social neutrality of the market, for the reasons we have given, we will altogether neglect the consequences of this kind of interpretation on the development of the socioeconomic relations of self-management and on the position of the working people.

Proceeding on that basis, we fear that the interpretation we have sketched of "affirmation" of commodity production under socialism has as its objective consequence a narrowing--and in certain elements even negation--of the space for operation of the market and commodity production. That is, the basic premise of the need to affirm the market, as we see, ends up in a very elaborate system in which planning and monitoring are roles performed by sociopolitical communities. Entities engaged in commodity production, the OUR's [organizations of associated labor], in the plane of the first premise, would supposedly behave in market fashion so that they would not even need any planning, except annual business planning. However, this remains only a mere theoretical supposition, since in the other plane of the analysis, it is "choked" by the very pronounced planning and by the economic and development policy of sociopolitical communities. This is a theoretical paradox only at first glance. That is, the functioning of the market in its conventional form inevitably "produces" an ever stronger conventional role of the government in regulating it. Arguments for this view lie everywhere about us, in the economies of advanced capitalism, for example. This is an objective and historical process. The growing scale of production and the development of the productive forces make the conventional market an unsuitable mechanism for regulating economic flows and makes their conscious regulation a necessity. In both social practice and theory the point of departure based on the conventional market inevitably ends up with the governmental and statist form of conscious intervention.

It is not a question, then, of being "for" or "against" the market in its conventional forms, but a question of choosing between the statist or self-management form of conscious intervention in the process of social reproduction. As we have seen, to call into question the all-embracing nature of the self-management system of conscious intervention in the name of "affirming" the market ends up in the ideas of all-embracing government planning.

The paradox we have referred to cannot be resolved unless we abandon this error in theory and methodology which we took as our point of departure, unless we return to the Marxist view of the problems of economic laws. We must take as our premise, then, that the specific historical forms of operation of economic laws and of the market are determined by social relations and that social relations determine the market, rather than the other way about. This, of course, brings us back to the fundamental dispute in our economic science, but we hope that now we have a somewhat clearer view of the heart of the issue.



Proceeding from what we have stated above, we arrive at our first conclusion: The social relations of socialist self-management alter the forms and historical character of the operation of commodity production. The question is How? Put simply, in that the producers themselves now consciously guide and monitor their previous conventional market relations and on that basis enter into association and relations at various levels of community. Does this signify negation of objective economic laws? No, it doesn't: It is a question of their conscious guidance at all points of social reproduction. Market laws are operative, but they are not guided by the state, but rather by the conscious activity of all the entities in self-management, which, of course, signifies a change in the form of operation of market laws.

If on the other hand conscious intervention were to remain within the framework of the government, and by the logic of development of the productive forces and the concentration of production, conscious intervention must develop, that would signify negation of economic laws under socialism in the true sense. There have been, as we know, experiences in this respect.

Now we can also draw another conclusion. The only objectively possible prospect for affirmation of economic laws lies in changing their form, in development of socialist and self-managing commodity production. Just as there is no self-management without independence of the work collective on the basis of commodity production, so in our context there is no commodity production, nor can there be, without self-management, without a change of its forms in conformity with socialist self-management. Income, as the incentive for production, entry into association and establishment of relations as the self-management form of integration and concentration of production, the conclusion of accords and compacts as mechanisms for conscious guidance of market relations, the system of self-management planning, whose basis is the planning of associated labor, and so on, are all integral parts of this.

The causes of our current economic problems, and of the displacement of economic laws above all, lie, if we follow the logic of our analysis, in the overemphasized statist role of sociopolitical communities in the economy, in the regionalization and regional confinement of both economic development and establishment of association, in the separateness of capital formation from associated labor, in the fact that current economic policy of the state is the dominant form of conscious guidance of the economy, whereby the variability of conditions for conduct of economic activity is such that the only planning possible in a real sense is short-term planning, and so on. So, the causes of the problem of the displacement of economic laws lie precisely in the fact that the interpretation which we have subjected to criticism is seen as the solution to the problem. At this point the present situation, which departs considerably from the logic of our self-management economic system, and with which we are all rightly dissatisfied, is in many respects being proposed as the "way out" of the present situation. At least as far as economic laws are concerned, we are afraid that this would lead to their further displacement, along with significant elements of governmentalization of our economic and social life.

## NEED FOR MARKET LAWS TO IMPACT ON ECONOMY URGED

Zagreb START in Serbo-Croatian No 333, 24 Oct 81 pp 7-9

[Article by Milan Gavrovic: "How to Manage the Crisis"]

[Text.] On the basis of objective market laws and acting in the interests of as well as by virtue of independent decisions made by associated producers it is possible to initiate programs geared toward efficient economic management, conservation, and the exploitation of all the resources which are at the disposal of this society, just as it is possible as part of the resources allocation process to give priority to productive, creative labor. This is the true essence of the omnibus economic stabilization program, the formulation of which is a mandate that the Central Committee has levied upon each and every organization of associated labor and upon Yugoslavia as a whole.

In reply to a question which asked what factor is to blame for constantly provoking our economic difficulties Doctor Vladimir Bakaric gave the following answer: "It is Yugoslavia's isolation that is to blame." The full force of this statement, which was made at the beginning of the summer in talks with representatives of the Republic Conference of the Socialist Alliance of Croatia, did not become apparent until this fall. In the meantime, this warning from the Presidency of the SFRY has delivered a jolt to, but has not altered the course of, economic events. People go on working and spending in the same way, but with a lot more anxiety, which in itself is a sign that the conviction has after all begun to hold sway in the structures of our society that changes are near at hand and that this time these changes cannot be put off. In his keynote address at the first fall session of the LCY Central Committee Dobroslav Culafic (secretary of the Central Committee Presidium) gave the following assessment: "One of the reasons why the expected results are not being achieved in the implementation of the economic stabilization program lies in the fact that a majority of the leaders, organizations, and members of the League of Communists have to this day still not grasped or accepted the fact that our country is in the midst of serious economic difficulties."

There is one fact alone that suffices to make this situation perfectly clear. "During 1981" Culafic also went on to say, "due to heavy obligations chargeable to the payment of principal and interest on foreign loans we will have

approximately 3 percent fewer resources left over from the net national product for domestic spending. Next year the percentage of the national product that we have earmarked for this purpose will almost double. So, we have gotten ourselves into a situation where we have to substitute the imperative of bringing spending into balance with the national product with the imperative and practice of spending less of what we earn. Any failure to recognize this fact could put us in an even more difficult economic situation and lead to economic and even social conflicts.

The calculation which holds that in 1982 there will be 6 percent less resources left over from the net social product--that is, the aggregate value of goods and services produced during that year--is drawn from the first draft of the Resolution. Displaying full professional integrity, the planners-authors of this first "working" draft openly warned that they had indeed succeeded in solving this equation on paper, but that they doubted that it would work out in real life in a satisfactory manner.

One of the essential premises of any plan is that it must balance needs and capabilities. Being mindful of our limited capabilities, the planners this time also scaled down our needs. Next year we are supposed to achieve a 3-percent increase in aggregate output, and this includes a 4-percent increase in industrial output. This is roughly equivalent to the level of output that will be achieved this year, and as such it represents a minimum feasible threshold of economic performance that has to be reached in order to make it possible to meet needs relative to public spending, the increase in the level of employment, and the preservation of current living standards. By all accounts it would seem that the latter goal, the preservation of living standards, is being written into these documents without any real conviction that it will be achieved, even if output does increase at the planned rate. There are at least two reasons for this. Namely, an insufficient quantity of goods and the practice of hitting personal incomes first as a source of funds to pay the economic stabilization bill.

However, the planned increase in output means that exports of goods and services will have to increase in real terms by 7 percent (exports which will be paid for in convertible currency, naturally), and this has to be accompanied by an equivalent increase in the volume of imported fabricating materials and a further substantial reduction in equipment imports. So, all revenues derived from increased export sales and the reduction in equipment imports will be spent to pay off the foreign loans which come due in 1982.

It is this part of the equation in which the planners themselves do not have any faith. As far as they are concerned, a 7-percent increase in export sales is not a realistic rate, rather it is the "required" rate. The realistic expectation is, they say (Spashe Medenica, the general director of the Federal Institute for Social Planning, speaking at a session of the Federal Economic Council), is that, with the greatest efforts, export sales will increase from 3 to 4 percent. Everyone can draw their own conclusions as to what this means. Namely, inasmuch as the repayment of debts is an unavoidable necessity and can no longer be offset by taking out new loans to pay off the old ones and inasmuch as the scaling down of equipment imports also has its limits (limits which of course have not yet been defined with sufficient clarity), the slower growth of export sales can only mean that there will be fewer imports of fabricating materials. Consequently, the

growth of output is also bound to be slower. Smaller output is tantamount to a smaller social product, and so it may happen that the reduction in resources available for domestic spending may be greater than the aforementioned 6 percent.

In the heated debates that have been going on in the Yugoslav Skupstina--the delegates to the Skupstina obviously cannot be reproached for not being mindful of this aspect of their responsibilities--the following statement was also entered into the record: "If the crisis has already crossed our doorstep, and such is the case, then the wisest course to follow would be for economic policy to manage the crisis and not vice versa" (Dusan Cehovin, a delegate from Slovenia). Crisis management in this context stands for anticipating difficulties, preparing for them, and alleviating, insofar as possible, their adverse impact on the economy and society. However, the most important aspect of "crisis management" is the launching of programs designed to overcome the crisis. Onward through the brambles to the stars, said the ancient Latins, but in order to embark on this course one has to be wearing strong climbing boots and have a compass and map in hand.

A red warning sign erected along this road, which as a result of heavy use over a period of many years has turned out to be a most popular public meeting place, indicates that our most important task is to boost export sales. How many times before have we heard and read a whole host of formulas--running the gamut from those which contain economic axioms to the effect that our "problems will not be resolved by cutting back on imports, but rather by increasing export sales" or that "the economy must export for the sake of its own growth, and not just for the sake of earning foreign exchange" all the way to rhetorical flourishes along the lines of "it is not necessary to live, but it is necessary to export" (a paraphrase of the Hanseatic League slogan "to sail the seas is imperative, to live is not") or simply "export or die" (which is supposed to be a very free paraphrasing of Hamlet's "to be or not to be").

So, let us get on with our export sales. We have still not reached the point where we are at death's door. But as a nation we really are in pathetic shape. And the real truth of the matter is that our present economic difficulties are a welcome cold shower. These difficulties should bring the Yugoslav people to their senses--regardless of whether they use the term crisis to describe these difficulties or not, something which is a matter of taste or political calculation. However, if we are going to opt for the term "crisis," then we are going to have to arrive at an accurate understanding of what this crisis is all about. At this point, it would be a good idea to examine the context in which Doctor Bakaric advanced his argument about the isolation of Yugoslavia.

"The general platform on which the implementation of the economic stabilization program rests is essentially a matter of the drive to turn Yugoslavia into a social system that is capable of integrating itself into the international division of labor on a, so to speak, equal basis. This policy differs to a considerable extent from past approaches to this problem.

"Take, for example, the question of the balance of payments. This is a problem that crops up year in and year out. This means that there is something wrong with the system, namely, not with the laws that govern it, but rather with the way the system works in practice. And it is in this realm that pressure needs to be



applied. It is in this realm that adjustments need to be made. In effect, it is necessary to reach the point where this system does not virtually force us to opt for solutions that produce adverse consequences. So, why does it force us to do this and where does the blame for this pressure lie? Well, roughly speaking, I would say that it has something to do with the isolation of Yugoslavia. First, you isolate Yugoslavia, not only through tariffs, but also through uncontrolled imports and exports, and then you wind up with monopolies in the domestic marketplace that eat up great amounts of resources and foreign loans. Everything is available for sale, and everything is being sold for higher prices. Nominal incomes are rising in order to save the standard of living, and, as a result of all this, the ability of the economy to build up its capital stock is diminishing and the basic organization of associated labor is being rendered incapable of assuming its proper role in society. And in order to enable the basic organization of associated labor to assume this role it is first of all necessary to take certain palliative measures by way of paving the way for more serious policy changes.

"It is commonly said here in Yugoslavia that 'we are in a crisis.' But this is not a crisis, and the difficulties that face us are not difficulties that originate in the social system. Rather these are in fact difficulties that are associated with this transition process we are going through, with this retrenchment process, difficulties which we must overcome so that we can reach the point where we are able to play our proper role in the international division of labor. This means that we have to reach the point where something will urge us on to greater productivity, to an improved standard living, and so on."

One is bound to ask why Doctor Bakaric focuses precisely on the isolation of Yugoslavia, and not, say, on decisionmaking processes that occur outside the framework of associated labor, the failure to live up to agreements, or the unwillingness to change patterns of behavior? One possible answer is that this is because Yugoslavia has shut itself off from the influence of objective economic laws and because it believes that the solution to its present difficulties and its future growth must be based on the objective criteria that are being laid down in mutual relations between the world's most advanced economies.

"We were debating the question of the isolation of our economy while Kardelj was still alive," says Bakaric, "and at that time we came to the conclusion, a conclusion which was not translated into practical solutions however, that the fault lies in the fact that we are 'pretending' to be an underdeveloped country, since we gain certain advantages from this in terms of the loans which we so readily swallow up, but that it would be more useful to proclaim ourselves to be a medium-developed country and, accordingly, to develop tools that would help to integrate us into the international division of labor." This is especially important now, since our isolated economy has in fact discovered that there is at least one economic law that has somehow managed to penetrate its defenses. Namely, the ceiling on indebtedness. All of our monopolies, which were formed most often along territorial-political lines, were able to run a race to raise prices and were able to fight over existent or nonexistent revenues, import rights, and foreign capital investments for as long as conditions did not line up as were described as follows by Marko Bulc at a session of the LCY Central Committee: "Figured in per capita terms, we now have 400 dollars worth of exports, 800 dollars worth of imports, and 1,000 dollars worth of debt." These 400 dollars worth of imports are supposed to pay for 800 dollars worth of imports and 1,000 dollars

worth of debt. This is an equation which no mathematical or planning geniuses are going to be able to solve in any satisfactory way.

It is interesting and especially important that in reply to the question as to whether any chance exists that we will actually succeed in achieving this 7-percent planned increase in export sales or perhaps even a larger increase many people answer in the affirmative. The medicine which has to be swallowed in order to accomplish this has been well-known for a long-time, and for all of those who have been living off imports and foreign loans it is well-known for its bitter taste and unpleasant smell. Nevertheless, at this point in time the diagnoses asserting that this treatment is indicated are more unanimous than before and less obscured by diverse, special interests. And this in itself is a sign of the prevailing awareness of the seriousness of this situation. The medicine we are talking about is a consistent policy dedicated to a realistic foreign exchange rate. This is not a question of a one-time devaluation, similar to those which we have occasionally resorted to in the past, rather this is a question of giving constant support to a realistically valued domestic currency in relation to foreign currency.

There is a logical, orderly sequence of events that must attend the opening up of our economy to the rest of the world. Before the economy can be exposed to the competition of imported goods domestic industries must be made ready to stand up to this shock. Consequently, it must learn how to function and to grow in accordance with the same standards that apply in the rest of the world. A realistic foreign exchange rate makes it possible, in the first place, to figure out how much things cost, that is, the price of imports and the price of exports. It makes it possible for domestic prices to be compared with world prices, and, hence, it makes it possible for the efficiency of domestic industry to be compared with the efficiency of industries in other countries. By the way, there is a formula which shows that in our monopolistic, closed economy 93 percent of every increment to income is realized through price rises, compared to only 7 percent through improved labor productivity.

Last year's devaluation proved that every attempt to move closer to a realistic foreign exchange rate has a beneficial effect on export sales. This is quite natural, since a real unit of equivalent value is obtained in exchange for exported goods and the profit motive is the only thing that can induce work collectives to venture out into the world market. To be sure, the revenues they bring in in this way are very quickly submerged in the boiling cauldron of domestic spending and prices, but in 1980 export sales still went up by 2.2 billion dollars, that is, a real increase of 11 percent (let us remember that the draft resolution for 1982 is seeking a 7-percent increase in export sales), which made it possible to reduce the trade deficit for that year by 1.1 billion dollars.

Of course, after the devaluation there was still a certain amount of, to use the popular term, slippage, that is, the value of our domestic currency was still going through a process of adjustment in relation to the value of foreign currency, but it was doing so at a much slower pace than prices in the country were "slipping." Everybody knows precisely what the consequences are of the gaps between these two "slippages," i.e., every percentage point of increase in prices caused exporters to suffer losses of 0.4 percent, or 3 billion dinars (100 billion old dinars). It is both possible and necessary to make solemn pledges dedicated

to slowing down the rate of domestic inflation and it is even possible to cite specific percentage point figures along these lines (just as it is now being proposed that prices should not be permitted to rise at a rate any faster than 15 percent during 1982), but it is more important to lay the groundwork that will make this possible than it is to make pledges and cite percentage points. The first prerequisite is to bring imports, exports, and the level of indebtedness into balance and then proceed to establish equilibrium in certain other areas of our economy, in the realms of distribution and spending.

The desired equilibrium--and this is a fundamental goal that is built into the foundations of this country--must be achieved by respecting objective economic laws, and not by way of administrative reallocations of resources. This too is the reason for the perennial dilemma as to whether we should expand export sales incentives or introduce a realistic foreign exchange rate. Whenever prices on the domestic market rise by one percentage point, new and "fair" taxes should be introduced that yield a total revenue gain of 300 billion old dinars, and this money should be distributed just as "fairly" among exporters so that everyone gets back as much as they have lost to inflation. There is a point at which incentives can no longer be relied upon to accomplish our goals and at which they become totally meaningless. This happens when they no longer serve the purpose of stimulating exports and helping exporters to overcome the economic barriers which certain countries raise to protect their own markets, that is, when they are transformed into an instrument that is supposed to function as a substitute for a realistic foreign exchange rate.

This is the reason behind the dilemma over whether we should expand incentive programs or introduce a realistic foreign exchange rate. Socializing the costs of export sales, by accumulating the funds to pay for this through various forms of taxation, a policy which is based on incentives, is in fact also tantamount to socializing the costs of imports. A realistic foreign exchange rate, by setting a real price for foreign exchange, also sets a real price for the cost of imports, a cost which is paid by those who spend foreign exchange, that is, by importers.

Unless this argument is accepted, the longing for a foreign exchange marketplace makes no sense, and so it is equally pointless to set up task forces and look for ways to somehow get this marketplace working. What we have now is a marketplace in name only. Along with all of the necessary adjustments that have to be made, such a marketplace, if it is to exist at all, must observe the fundamental principle which holds that prices define the relationship between supply and demand. The setting of a meaningful price for foreign exchange is not only an incentive for exporters. This is the only price that can also show, really, how much we can afford to import--either in the form of goods or in the form of capital. Thus, it is an indicator of what can be produced efficiently here in Yugoslavia and of the advantages and disadvantages of taking out foreign loans.

Reconciling themselves to our high rate of inflation, some economists (for example, Dr Ante Cicin-Sain speaking at a session of the Federal Economic Council) have advocated a system based on the constant, regular adjustment of exchange rates at designated intervals, a system whereby the value of the dinar would be required to slide downward at a somewhat faster rate than the rise of domestic prices.



Exporters have to be made to realize, they claim, that their efforts are not going to be invalidated by domestic inflation.

Conditions on the world market should not be idealized. The world market is an arena for numerous, huge monopolies. But, notwithstanding this fact, these monopolies are efficient enough producers so as to "urge us on to greater productivity, to improve our living standards, and so on." In any event, we can only integrate ourselves into the international division of labor that exists here and now, and only then will arguments and efforts geared toward making changes in this international division of labor gain greater weight.

Export sales are now emerging as a first-priority task due to the fact that the shortage of fabricating materials is not causing dislocations in manufacturing industries. In fact, the Yugoslav economy has already come to grips with this problem, since unsatisfactory performance in the area of export sales this year has forced a radical curtailment of import licenses. We must prepare ourselves for the time when some of our manufacturing industries will be temporarily shut down, says one current word of warning. Temporarily, yes, but exactly how temporarily? The economy is too interconnected and too interdependent to be able to shut down production lines in some collectives without doing a great deal of damage to others. For example, the shutting down of one plant in the chemical industry employing 45 people, a plant which depends entirely on imported raw materials for its operations, would cause--according to a claim made by the General Association of Chemical Industries--dislocations in other collectives which employ approximately 45,000 workers. And it should be noted in passing that some of these collectives are ranked among our biggest exporters.

Shutting down some production lines may be a necessary evil, but it is by no means a policy. The only way we can overcome our difficulties is by putting all of the resources at our disposal to the fullest possible use, all of the resources that can be used efficiently. We can overcome our difficulties through production, and not by stopping production. It is rightly pointed out that Yugoslavia has a great deal of potential, that it is endowed with advanced machinery and skilled workers, but that problems are being created by the improper use of these resources. In talking about overextended capital investment projects the point is usually made that there are twenty or so thousand projects under construction, the total value of which matches the country's entire annual social product. However, during the past 5 years work has been completed on approximately 16,400 projects in which imported machinery and technologies have been installed valued at 14 billion dollars. In light of this fact, only an isolated and, therefore, inefficient economy can plan on a productivity growth rate of only 1 percent, as is the case with the draft version of our resolution for 1982.

As a result of the chilly winds which are blowing in the world market some people are going to wind up with pink noses and cheeks, some people are going to catch colds, and some people are going to come down with pneumonia, but all of this is going to show us what the Yugoslav economy--the old economy and the newly built up economy--is really worth. And it is quite certain that it is worth quite a lot; our economy has more than enough of what it takes to overcome problems even bigger than the ones with which we are presently faced. This is not "professional optimism." Is it not true, after all, that this year this same economy managed



to bear the brunt of excessive spending, irrational behavior, and distribution policies based on "vested rights," and not performance?

The introduction of objective economic laws is bound to wreak havoc with many of these vested rights to someone else's income and with the power relationships that exist in a society that makes it possible to exercise these rights. Let us quote Dr Bakaric once again: "The question arises as to what all of this means in a societal context. Why is this happening to us? This is happening because people believe that these problems related to the economy and the capital replacement process are problems that affect somebody else, and not themselves. And then there is the problem of 'them'--our homegrown bureaucracy in the factories and in society at large, since it is responsible for running things. The bureaucracy is being subjected to pressures, and the only thing it can do is give in and then, naturally, carry on as before. So, this is a problem of the transferral of rights or, to take it a step further, the transferral of all of these rights to the basic organization of associated labor, that is, to the producers."

The system, therefore, has to start functioning in a different way. It has to assert that these are not the problems of "somebody else," either in a given factory or in society at large. To be sure, illusions still exist to the effect that the system can be made to work more efficiently through a redistribution of power between the federation and the republics, something which would supposedly alleviate our present difficulties attributable to sluggish negotiating processes and give priority to the "common good" as opposed to special interests. The probable reason for this is that some people have "short memories." They forget that this did not work even in the days when our economy was much smaller and less complex. Everyone is also familiar with the consequences of centralism, namely, the refusal to recognize the historical fact that Yugoslavia is a multinational country and the constant bickering over the allocation of resources without making any attempt to encourage initiative and responsibility for the development of each individual region and the nation as a whole. Maybe this is a problem of short memories and maybe it is also a problem of a strong nostalgia for the "workers" state (in this context the emphasis is of course on the word state) which would apply a firm hand in order to settle whatever business has to be settled.

It is typical that nowadays, even among expert economists and in the realm of politics as well, a point is made of asserting the fact that no attempt has ever been made to formally establish a fundamental body responsible for the management of economic activities. The Third Congress of Self-management Officers raised the demand that management on behalf of the workers should be replaced by the concept of management by the workers themselves. "...workers must have the final say in making decisions when it comes to issues of fundamental importance, even when it comes to issues involving the sacrifice of their own self-interests. If these decisions are made, as is so often the case, without worker participation or behind the backs of the workers, this will most certainly give rise to mistrust and conflicts with possible serious consequences." This is a quote from a speech by Rade Galeb, president of the Yugoslav Confederation of Trade Unions, delivered during a session of the LCY Central Committee. A document which was adopted by the Central Committee makes the following statement: "The Central Committee places special emphasis on the ideological and political responsibility of LCY rank-and-file members and the LCY leadership for the realization and further

development and advancement of socialist self-management relations and the socioeconomic system as a whole."

The introduction of objective economic laws into our economy and the replacement of the principal protagonists in the growth of our economy are parts of one and the same process. On the basis of objective, market laws and acting in the interest of and by virtue of decisions made by associated producers it is possible to initiate programs geared toward the efficient economic management, conservation, and exploitation of all of the resources at the disposal of our society and it is possible to give priority to productive, creative labor in the allocation of these resources. This is the true essence of the omnibus economic stabilization program, the formulation of which is a mandate levied by the Central Committee on each and every organization of associated labor and on Yugoslavia as a whole. The prerequisites for this are spelled out in the Constitution, in the Law On Associated Labor, and in other laws--in other words, they are spelled out in that system which exists on paper, but which has been put into practice in a manner that deviates from these formal provisions.

The establishment of the Commission of the Federal Social Council, headed by Sergej Kraigher, president of the Yugoslav Presidency, inclines one to draw comparisons with the days when the federal councils were first formed. The manner in which agreement is reached on the shape of this new system will now also determine the manner in which the problems of its implementation are going to be resolved.

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## CROATIAN EFFORTS TO DEVELOP SMALL BUSINESS SECTOR

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 30 Dec 81 p 11

[Article by Jasen Grubic: "The Small Business Sector--Supplement to the Whole System"]

[Text] In order to develop industrial Organizations of Associated Labor [OAL] using handicraft methods, service, and repair and similar organizations, craftsmen's guilds, contract OAL's, independent commercial stores and home handicraft businesses, very concrete projects are necessary at the socio-political community level. This obligation of the opstinas and the regions was established of the Croatian Economic Parliament in mid-1979, then at the beginning of this year by resolutions of the Chamber of Associated Labor and the Community Chamber, and also by social and economic resolutions for the last 3 years and by a new midterm social plan of the Socialist Republic of Croatia, which states that the small business sector should be given the opportunity to make greater progress.

However, more than half the social and political communities have not conceived development plans in this area of social reproduction. This disregards the needs of the large business sector and the population itself for handicraft work and other limited production products and trade services. It also disregards the existence of resources for easily determining those who have succeeded in these activities.

In a recent discussion concerning the activities of the economic councils in accelerating the development of the small business sector, the Coordinating Committee of the Economic Council of Croatia for Inter-Council Cooperation (the CCIC is composed of the presidents of all councils in the Republic) emphasized its support for the most direct involvement of the regional councils, by means of their chambers, small business groups and the League of Associated Independent Artisans, in carrying out the program of the Parliament, the resolutions of its two chambers and the bases of the entire social and economic development of the Republic in this 5-year period. This refers to the tasks of the opstinas and the community of opstinas in the small business sector. Unless the councils take the initiative not only with the Syndicate of Handicraft Workers but also with the other signatories of the social agreement concerning small business (from the preceding midterm, since the new agreement has not been signed), unless they force the decision concerning the problems of the small business sector in the delegate assemblies, it is obvious that nothing will come of this "paper." Moreover, more concrete investment programs--two, three, a dozen in each region--must be insisted upon, so that by the end of this year we can record those that, with a relatively small investment and the support of the fund for financing economically underdeveloped areas in the Republic, are able to succeed in helping insolvent activities during 1982.

#### About 100 Programs in the Last 4 Years

This approach is necessary all the more since the small business sector has hardly any expert workers in administration and in the community of opstinas to be responsible for analyzing this area, participating in the development of general plans for its advancement, directing and supplementing the realization of its established concepts, eliminating the inevitable difficulties and finally responding in carrying out defined policy. Besides, the Republic arms of administration, and the social and political organizations, are occupied with the small business sector in the composition of the basic problems of its heterogeneous jurisdiction when and if they come, when some of the social authorities "call" them or stimulate them.

Nevertheless, the CCIC states, the relations of social factors with regard to the small business sector are changing as well as the thinking about the need for faster development of the activities in its structure. Not only has a positive climate in society been created, but the small business sector is gaining its equal place in the economy of the Republic. The large representatives of the technical system--as, for example, Rade Koncar, Prvomajska, Jugoturbina, Jugoplastika, the shipyards in Split and Rijeka, as well as some enterprises outside the Socialist Republic of Croatia, such as Unis in Sarajevo--are opening up more and more to the OAL's, the guilds and other advocates of the small business sector, in order to cooperate in the most diverse ways with them and to be associated successfully in joint development programs, which have been formulated in some group self-management agreements concerning development to 1985. Their strong development services can make this possible for them, as they know better than anyone what must be purchased from the import structure for the realization of production programs of these large systems, and what is worthwhile to substitute for them in special arrangements with domestic production in the OAL's of the small business sector.

Some decisions in the economic system have been adopted, to facilitate certain aspects of the small business sector in business management, while individual work with one's own resources will be ensured by a number of economic and social benefits. In this category fall changes and supplements in the Law Concerning Private Employment in Handicrafts and Trade Guilds, the passing of the Law Concerning Contract OAL's, the signing of self-management agreements concerning the reciprocal relations of the provider and the user of services and the prices of the services, and then to some extent the resolution of a federal social compact concerning small business. Of great importance for strengthening the material base of labor is giving back to personal services and to the services of home activity 50% of the calculated income tax, and to other activities of the small business sector 25% or 15% (last year and this year). Also, of importance, some parts of the small business sector, which perform certain activities within economically underdeveloped areas of the Republic, will not be obliged to repay the loan segment of the financing for the rapid development of undeveloped republics and the Autonomous Province of Kosovo.

The Republic fund for undeveloped areas in the last 4 years has aided in financing about 100 projects in the small business sector, which has made possible the creation of about 4,500 new working positions. In the Varazdin region seven programs have been put into effect in economically undeveloped opstinas; contract OAL's have taken on the real function as the chief form of associated labor and resources and are concerned with connecting the small business sector with some Slovenian systems.



Additionally programs involved in the organization of independent innkeepers and carriers have been put into effect to a large extent. In Lika, more than 800 workers have been employed in the small business sector; inhabitants of Rijeka have worked out a development program to deal with activities in this sector: Pula, and especially Buje have done the same thing in the Regional council. On the other hand, the Slavonsk-baranian results are so modest that along with the conditions permitting the growth of the small business sector, efforts should be taken so that matters are not left to chance any longer than necessary.

#### Revitalization--Conditions and Responsibilities

Disregarding these early successes, it is apparent that in order to ensure the rapid development of the small business sector it is necessary on the whole to create some sort of nucleus, most desirably within the Business Community for the Small Business Sector and Handicrafts of Croatia, which links the expertise of the developed sector of the large technical systems and scientific institutes and research teams to the advocates of prosperity in groups of heterogeneous industrial and handicraft production and service activities. Such a gathering of experts for individual areas of development of the small business sector is surely the best way to link the Croatian Economic Council with the Common Association of Small Businesses and with the League of Associated Independent Businessmen of Croatia in the construction of financing development programs. This collaboration has already been partially established with Jugoturbina-Commerce in Karlovac; the same attempt has been made with the Center for the Leather Industry in the same city. The Split area has determined that its development needs can be solved by means of "forward positions" of the Business Community for Small Businesses and Handicrafts; it therefore attaches great significance to the presence of all products of the small business sector in the permanent exhibit at the Zagreb international fair.

For more than 2 years the activities in these exhibitions have completely justified the investment of resources and efforts. Not only do a large number of domestic business people and foreign (potential) partners visit the fair for information about the scope of individual OAL's and guilds, independent businessmen and other people and activities in this product and service area, but also many transactions are concluded (even import-export), which attests to fact that the small business sector is an irreplaceable factor in our total economic development. These contacts indicate also that in a transitional period of profound and long-term structural changes in our economy (and the world's), provoked by decisive changes in the international division of labor and in great changes in the technological structure influenced by scientific and technical process, our small business sector cannot be, in the full sense of the word, an inevitable and integral supplement to the whole economy when it is based on outmoded knowledge, when it is not competitive in innovation, and until it works according to the methods and instruments that will revitalize it to the point where it will also influence the development of the total economic forces and the improvement of productive relations.

## Cooperation Will Stimulate Greater Forward Thrust in 'Big' Business

With the creation of a nucleus, obtaining new development programs would certainly be ensured. Especially "big" businesses will realize that they must break up all production areas that are a burden for them because of limited production requirements--even individual unit custom-ordered production--and therefore barely exist within large industry without extraordinary development ambitions. At the same time this would contribute to the vertical, long-term self-manage and connection of associated labor, to the creation of the type of factory in which all parts of the manufacturing process would enter, even the cooperation of the small business sector. Furthermore, this would be a step toward liberation from "license-mania" and from the excessive reliance on foreign "know-how," because the large technical system in this must become the advocate of the development of these production and service activities as well. Along with the development of an information system concerned with the directions of the prosperity of the scientific and technical process, the achievements, the research programs, and the development of the potential needs that the small business sector must satisfy, the large technical system must also stimulate the creative activity of small business and directly offer assistance to it in the transformation of the corresponding technological innovations. In addition, this system must enter into the communal mode of production, must train people in the small business sector in the contemporary methods of marketing and provide expert training for those in the small business sector. Then this sphere would make a more significant contribution to increasing the effectiveness of the large system and to creating and stimulating the amount of cooperation that would unambiguously strengthen the forward thrust of "big" business.

## Priority to Production Shops with Less Than 80 Employees

When a way has been found to include the banks in the more prompt realization of the development programs of the small business sector, the trends of cooperation will be accelerated even more. The conditions for obtaining loans are indeed not in accordance with the accumulative and manufacturing capability of the otherwise labor-intensive small business sector. Indeed, some banks have alleviated financing conditions for our region, but a uniform approach to this problem area has still not been developed. Perhaps, the CCIC adds, priority in banking investments should be given to production shops with 20 to 50, 80 or so employees, so that part of the savings accounts of citizens can be purposefully used for loans in service activities. In this way, greater credit potential would be assured, as well as its more favorable utilization in the area of the most immediate interests of the citizenry itself.

CCIC also favors the development of maintenance service of durable consumer goods for which the production OAL's, whose products are serviced in tandem with the investment program to broaden the modernization of personal production, will program and co-invest in service capacities. But, in this case, the service and repair organizations, on the basis of equal and not subservient relations, should associate their labor and resources with the producers (and organizations involved in the turnover of goods).

A selective approach to the activities of the small business sector in relation to calculating income taxes and the loan obligation for financing the rapid development of economically underdeveloped republics and the Autonomous Province of Kosovo, is

surely acceptable and, in the interests of strengthening the material base of the small business sector, should be extended. This--and the even better conception of production understanding within the Federal Executive Council of Croatia for Economic Relations with Foreign Countries, in order to ensure the necessary currency resources for the import of manufacturing material, equipment, spare parts, and for payment without goods--of course will contribute not only to more successful earnings and prosperity in this sphere but also to the creation of a currency influx, which in absolute numbers will more and more approximate the currency outflow. The question of prices for products and services of those in the small business sector should not be neglected; they should be set by mutual agreement in relation to the rest of the economy. Furthermore, a system of decisionmaking should be constructed by which--in accordance with social needs but also for the standardization of earnings and for the equal rights and responsibilities of working people in private work compared to workers in associated labor--private labor's position would be better regulated with resources that the property of citizens, and the type of tax system created to eliminate present deficiencies, the economic and legal uncertainties of private work, and also make speculation difficult. In addition, the system should stimulate, by means of the necessary capacities in this are, opening up the small business sector, above all in smaller places and villages, and it should enable returnees from temporary work abroad to find employment.

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